

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Consolidated 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 consolidated 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 consolidated financial statements, the Chinese version shall prevail.

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## Representation Letter

The entities that are required to be included in the combined financial statements of Sanyang Motor Co., Ltd. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sanyang Motor Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Sanyang Motor Co., Ltd.  
Chairman: Ching-Yuan, Wu  
Date: March 13, 2026

## Independent Auditors' Report

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

### Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( "IFRSs" ), International Accounting Standards ( "IASs" ), Interpretations developed by the International Financial Reporting Interpretations Committee ( "IFRIC" ) and the former Standing Interpretations Committee ( "SIC" ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Revenue recognition

Refer to Note 4(17) "Revenue recognition" for the accounting principles on the recognition of revenue and Note 6(26) "Revenue from contracts with customers" for details of revenues.

Description of key audit matter:

The Group's main business activities are manufacturing and sale of automobiles, scooters and their parts. The revenues of the Group 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 Group 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 consolidated financial report.

Corresponding audit procedures:

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

Relevant documents of internal controls aforementioned throughout the year of 2024 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(7) "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(4) for details of accounts receivable.

Description of key audit matter:

The balance of accounts receivable of the Group is relatively significant, and 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 consolidated 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 Matter**

We did not audit the financial statements of Taiwan Tea Corporation, which accounted for using the equity method. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar 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 was 6.61% of the consolidated total assets as of December 31, 2024, and the share of profit (loss) of associates and joint ventures accounted for using the equity method was (0.77)% of the consolidated profit before income tax for the years ended December 31, 2024.

Sanyang Motor Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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 consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

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(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (Note 6(1))	\$ 10,795,600	11	10,296,462	15
1170 Notes and accounts receivable, net (Notes 6(4), (25) and 8)	3,292,242	3	3,287,933	5
1180 Notes and accounts receivable from related parties, net (Notes 6(4),(25) and 7)	540	-	568	-
1200 Other current receivables (Notes 6(4) and 7)	710,660	1	838,274	1
1310 Inventories (for manufacturing business) (Note 6(5))	8,166,411	8	6,664,142	10
1320 Inventories (for construction business) (Notes 6(5), 7 and 8)	4,621,403	5	3,015,098	4
1410 Prepayments (Note7)	910,997	1	985,108	1
1476 Other current financial assets (Notes 6(1) and 8)	7,230,307	8	7,111,292	11
1479 Other current assets, others	46,226	-	38,359	-
	<u>35,774,386</u>	<u>37</u>	<u>32,237,236</u>	<u>47</u>
<b>Non-current assets:</b>				
1510 Non-current financial assets at fair value through profit or loss(Note 6(2))	15,459	-	15,459	-
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(3) and 7)	2,097,263	2	1,670,600	2
1550 Investments accounted for using equity method (Notes 6(6) and 7)	502,038	1	4,584,545	7
1600 Property, plant and equipment (Notes 6(10), 7 and 8)	22,437,059	23	16,115,874	24
1755 Right-of-use assets (Notes 6(11), 7 and 8)	1,014,258	1	1,005,354	2
1760 Investment property, net (Notes 6(12), 7 and 8)	26,528,770	27	4,920,805	7
1780 Intangible assets (Note 6(13))	413,929	-	1,084,681	2
1840 Deferred income tax assets (Note 6(22))	693,012	1	683,527	1
1935 Long-term lease receivables (Notes 6(4), (25) and 8)	807,447	1	761,624	1
1975 Net defined benefit asset, non-current (Note 6(21))	57,674	-	8,660	-
1980 Other non-current financial assets (Notes 6(1), 7 and 8)	6,632,601	7	5,020,840	7
1995 Other non-current assets, others	164,294	-	147,944	-
	<u>61,363,804</u>	<u>63</u>	<u>36,019,913</u>	<u>53</u>
<b>Total assets</b>	<b>\$ 97,138,190</b>	<b>100</b>	<b>68,257,149</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

**Consolidated Balance Sheets**

**December 31, 2025 and 2024**

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
<b>Liabilities and equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings (Note 6(15))	\$ 9,023,725	9	7,833,796	12
2111	Short-term notes and bills payable (Note 6(14))	1,461,740	2	1,624,353	2
2130	Current contract liabilities (Note 6(25))	774,739	1	461,852	1
2170	Accounts payable (Note 6(16))	4,844,361	5	4,880,190	7
2180	Accounts payable to related parties (Notes 6(16) and 7)	156,649	-	164,197	-
2200	Other payables (Note 7)	3,899,229	4	4,001,001	6
2230	Current tax liabilities (Note 6(22))	570,374	1	680,143	1
2251	Current provisions for employee benefits (Note 6(21))	112,064	-	88,346	-
2252	Short-term provisions for warranties (Note 6(19))	577,838	1	545,409	1
2280	Current lease liabilities (Note 6(18) and 7)	165,450	-	144,437	-
2322	Long-term borrowings, current portion (Note 6(17))	1,421,098	1	1,284,574	2
2365	Current refund liabilities	271,175	-	319,013	1
2399	Other current liabilities, others	259,487	-	226,699	-
		23,537,929	24	22,254,010	33
<b>Non-current liabilities:</b>					
2540	Long-term borrowings (Note 6(17))	20,381,782	21	13,259,471	20
2552	Non-current provisions (Note 6(19))	569,918	1	489,584	1
2570	Deferred income tax liabilities (Note 6(22))	7,934,579	8	1,525,202	2
2580	Non-current lease liabilities (Note 6(18) and 7)	779,336	1	777,137	1
2640	Net defined benefit liability, non-current (Note 6(21))	-	-	267,790	-
2645	Guarantee deposits received (Note 7)	1,402,866	1	960,462	1
2670	Other non-current liabilities, others (Note 6(25) and Note 9)	229,602	-	138,156	-
		31,298,083	32	17,417,802	25
	<b>Total liabilities</b>	54,836,012	56	39,671,812	58
<b>Equity attributable to owners of parent (Note 6(8) and (23)):</b>					
3100	Share capital	7,836,756	8	7,974,896	12
3200	Capital surplus	1,717,409	2	1,735,853	2
3300	Retained earnings	17,902,162	18	16,547,004	24
3400	Other equity	(1,005,652)	(1)	(985,533)	(1)
3500	Treasury shares	(132,816)	-	(132,816)	-
	<b>Total equity attributable to owners of parent:</b>	26,317,859	27	25,139,404	37
36XX	Non-controlling interests	15,984,319	17	3,445,933	5
	<b>Total equity</b>	42,302,178	44	28,585,337	42
	<b>Total liabilities and equity</b>	97,138,190	100	68,257,149	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
**Consolidated 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 <b>Operating revenue (Notes 6(25) and 7)</b>	\$ 62,631,961	100	65,624,544	100
5000 <b>Operating costs (Notes 6(5), (21) and 7))</b>	49,638,905	79	52,244,077	80
<b>Gross profit from operations</b>	<u>12,993,056</u>	21	<u>13,380,467</u>	20
<b>Operating expenses (Notes 6(4), (21), (26) and 7 ):</b>				
6100 Selling expenses	4,092,725	7	4,184,636	6
6200 Administrative expenses	1,964,688	3	1,900,197	3
6300 Research and development expenses	1,499,288	2	1,442,323	2
6450 Expected credit loss (gain)	(11,016)	-	(2,748)	-
	<u>7,545,685</u>	12	<u>7,524,408</u>	11
<b>Net operating income</b>	<u>5,447,371</u>	9	<u>5,856,059</u>	9
<b>Non-operating income and expenses:</b>				
7100 Interest income (Notes 6(27) and 7)	536,915	1	596,167	1
7010 Other income (Notes 6(27) and 7)	117,394	-	95,288	-
7020 Other gains and losses (Notes 6(27) and 7)	656,416	1	421,585	-
7050 Finance costs (Note 6(27) and 7)	(577,053)	(1)	(431,279)	-
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(6))	(35,012)	-	(62,020)	-
7140 Gain recognised in bargain purchase transaction (Note 6(7))	1,633,051	2	-	-
7625 Losses on disposals of investments (Note 6(6))	(937,160)	(1)	-	-
7675 Impairment loss on goodwill (Note 6(13))	(667,438)	(1)	-	-
	<u>727,113</u>	1	<u>619,741</u>	1
7900 <b>Profit before income tax</b>	6,174,484	10	6,475,800	10
7950 <b>Less: Income tax expenses (Note 6(22))</b>	1,258,669	2	1,343,318	2
<b>Profit for the period</b>	<u>4,915,815</u>	8	<u>5,132,482</u>	8
8300 <b>Other comprehensive income (loss) (Notes 6(6) and (23)):</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Remeasurements of defined benefit plans	14,894	-	48,239	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(10,901)	-	(129,903)	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	5,522	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,123)	-	(8,383)	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>1,870</u>	-	<u>(84,525)</u>	-
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(46,964)	-	552,673	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6,296	-	(3,915)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(40,668)</u>	-	<u>548,758</u>	-
8300 <b>Other comprehensive income</b>	<u>(38,798)</u>	-	<u>464,233</u>	-
8500 <b>Comprehensive income</b>	<u>\$ 4,877,017</u>	<u>8</u>	<u>\$ 5,596,715</u>	<u>8</u>
<b>Profit attributable to:</b>				
8610 Owners of parent	\$ 4,533,289	7	4,770,397	7
8620 Non-controlling interests	382,526	1	362,085	1
	<u>\$ 4,915,815</u>	<u>8</u>	<u>\$ 5,132,482</u>	<u>8</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 4,511,020	7	5,186,460	7
8720 Non-controlling interests	365,997	1	410,255	1
	<u>\$ 4,877,017</u>	<u>8</u>	<u>\$ 5,596,715</u>	<u>8</u>
<b>Earnings per share (Note 6(24))</b>				
9750 <b>Basic earnings per share (NT dollars)</b>	<u>\$ 5.78</u>		<u>6.02</u>	
9850 <b>Diluted earnings per share (NT dollars)</b>	<u>\$ 5.77</u>		<u>6.01</u>	

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

Equity attributable to owners of parent

	Retained earnings					Other equity					Total equity attributable to owners of parent	Non-controlling interests	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			
<b>Balance at January 1, 2024</b>	\$ 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	2,998,691	25,393,902
Profit for the year	-	-	-	-	4,770,397	4,770,397	-	-	-	-	4,770,397	362,085	5,132,482
Other comprehensive income for the year	-	-	-	-	40,109	40,109	495,409	(119,455)	375,954	-	416,063	48,170	464,233
Comprehensive income for the year	-	-	-	-	4,810,506	4,810,506	495,409	(119,455)	375,954	-	5,186,460	410,255	5,596,715
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)	-	(2,392,469)
Changes in equity of associates and joint ventures accounted for using equity method	-	5,477	-	-	-	-	-	-	-	-	5,477	19	5,496
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	15,997	-	-	-	-	-	-	-	-	15,997	-	15,997
Changes in ownership interests in subsidiaries	-	617	-	-	(71,889)	(71,889)	-	-	-	-	(71,272)	77,417	6,145
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(40,449)	(40,449)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	3,178	3,178	-	(3,178)	(3,178)	-	-	-	-
<b>Balance at December 31, 2024</b>	7,974,896	1,735,853	3,735,022	1,358,309	11,453,673	16,547,004	(1,026,097)	40,564	(985,533)	(132,816)	25,139,404	3,445,933	28,585,337
Profit for the year	-	-	-	-	4,533,289	4,533,289	-	-	-	-	4,533,289	382,526	4,915,815
Other comprehensive income for the year	-	-	-	-	11,031	11,031	(26,382)	(6,918)	(33,300)	-	(22,269)	(16,529)	(38,798)
Comprehensive income for the year	-	-	-	-	4,544,320	4,544,320	(26,382)	(6,918)	(33,300)	-	4,511,020	365,997	4,877,017
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)	-	(2,392,469)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(904,862)	(904,862)	-	(904,862)
Retirement of treasury shares	(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	-	16,145
Changes in ownership interests in subsidiaries	-	(617)	-	-	(50,762)	(50,762)	-	-	-	-	(51,379)	47,449	(3,930)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	12,124,940	12,124,940
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(13,181)	(13,181)	-	13,181	13,181	-	-	-	-
<b>Balance at December 31, 2025</b>	\$ 7,836,756	1,717,409	4,209,201	1,323,338	12,369,623	17,902,162	(1,052,479)	46,827	(1,005,652)	(132,816)	26,317,859	15,984,319	42,302,178

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before income tax</b>	\$ 6,174,484	6,475,800
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,659,763	1,449,921
Amortization expense	56,000	42,556
Expected credit loss (gain)	(11,016)	(2,748)
Interest expense	577,053	431,279
Interest revenue	(536,915)	(596,167)
Dividend revenue	(65,645)	(44,732)
Share of loss of associates and joint ventures accounted for using equity method	35,012	62,020
Gain on disposal of property, plant and equipment	(382,540)	(17,983)
Gain on disposal of investment properties	(11,706)	-
Loss on disposal of investments accounted for using equity method	937,160	-
Impairment loss on goodwill	667,438	-
Impairment loss on non-financial assets	20,990	22,834
Gain recognised in bargain purchase transaction	(1,633,051)	-
Others	1,246	(25,813)
Total adjustments to reconcile profit (loss)	<u>1,313,789</u>	<u>1,321,167</u>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable, net	45,130	(531,660)
Accounts receivable from related parties	28	333
Other receivables	(5,432)	86,624
Inventories	(1,813,915)	737,733
Prepayments	93,707	(229,537)
Other current assets	(17,720)	2,329
Net defined benefit assets	(42,972)	(6,557)
Contract liabilities	293,343	58,943
Accounts payable	(150,316)	419,206
Accounts payable to related parties	(7,548)	(68,842)
Other payables	17,462	(171,339)
Provisions for employee benefits	25,578	(28,936)
Provisions for warranties	113,351	187,015
Other current liabilities	(17,489)	103,345
Net defined benefit liabilities	<u>(255,019)</u>	<u>(212,433)</u>
Total adjustments	<u>(408,023)</u>	<u>1,667,391</u>
Cash inflow generated from operations	5,766,461	8,143,191
Interest received	558,839	550,139
Interest paid	(573,285)	(431,313)
Income taxes paid	<u>(1,352,503)</u>	<u>(1,625,502)</u>
<b>Net cash flows from operating activities</b>	<u>4,399,512</u>	<u>6,636,515</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2025	2024
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(471,749)	(156,531)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	8,328
Acquisition of investments accounted for using equity method	-	(23,200)
Acquisition of property, plant and equipment	(2,089,471)	(2,594,337)
Proceeds from disposal of property, plant and equipment	730,439	299,040
Increase in receipts in advance due to disposal of assets	58,071	1,039
Increase in other receivables	(269,880)	(268,560)
Decrease in other receivables	269,880	268,560
Net cash inflows from business combination	44,215	-
Acquisition of investment properties	(190,936)	(855,176)
Proceeds from investment properties	6,136	-
Acquisition of intangible assets	(29,043)	(16,246)
Increase in long-term lease receivables	(45,823)	(112,116)
Increase in other current financial assets	(219,985)	(512,000)
Increase in other non-current financial assets	(1,474,054)	(692,548)
(Increase) decrease in other non-current assets	(18,904)	29,620
Increase in other non-current liabilities	-	27,857
Dividends received	74,665	44,652
<b>Net cash flows used in investing activities</b>	<b>(3,626,439)</b>	<b>(4,551,618)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	54,831,829	53,008,028
Decrease in short-term borrowings	(53,664,068)	(52,919,966)
(Decrease) increase in short-term notes and bills payable	(268,989)	898,494
Proceeds from long-term borrowings	48,836,650	32,464,710
Repayments of long-term borrowings	(46,536,361)	(31,663,024)
Increase in guarantee deposits received	32,370	61,909
Payments of lease liabilities	(179,694)	(198,486)
Increase (decrease) in other non-current liabilities	23,974	(2,783)
Cash dividends paid	(2,376,324)	(2,376,472)
Payments to acquire treasury shares	(904,862)	-
Changes in non-controlling interests	15,619	(34,842)
<b>Net cash flows used in financing activities</b>	<b>(189,856)</b>	<b>(762,432)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(84,079)</b>	<b>162,566</b>
<b>Net increase in cash and cash equivalents</b>	<b>499,138</b>	<b>1,485,031</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>10,296,462</b>	<b>8,811,431</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 10,795,600</b>	<b>10,296,462</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated 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 Hwa Road, Hukou, Hsinchu, Taiwan (R.O.C.).

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

The consolidated financial statements are comprised of the Company and its subsidiaries (the “Group”) and the Group’s interest in associates.

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

**2 Approval date and procedures of the consolidated financial statements**

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

**3 New standards, amendments and interpretations adopted**

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

- Amendments to IAS 21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, 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"> <li>• A more structured income statement: 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.</li> <li>• Management performance measures (MPMs): 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.</li> <li>• Greater disaggregation of information: 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.</li> </ul>	<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>

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group 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 consolidated 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 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 4 Summary of significant accounting policies

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC. (hereinafter referred to as the IFRSs endorsed by FSC).

(b) Basis of preparation

(i) Basis of measurement

The consolidated 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 each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated 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.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

(Continued)

## **SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(Continued)

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

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio		Description
			December 31, 2025	December 31, 2024	
The Company	Shan Young Assets Management Co., Ltd.(Shan Young)	Real estate development and management	100.00%	100.00%	
The Company	Youth Taisun Co., Ltd.(Youth Taisun)	Manufacturing of automobiles, scooters and their parts	100.00%	100.00%	
The Company	Chu-Yang Motor Co., Ltd.(Chu-Yang)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Nanyang Industries Co., Ltd.(Nanyang)	Distribution, repair, and maintenance of automobiles and its parts	89.78%	89.78%	
The Company	Nova Design Co., Ltd.(Nova Design)	Product design	100.00%	100.00%	
The Company	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	16.27%	16.27%	
The Company	Ching Ta Investment Co., Ltd.(Ching Ta)	Investment activities	99.66%	99.66%	
The Company	Profit Source Investments Ltd.(Profit Source)	Investment shareholding company	100.00%	100.00%	
The Company	Sanyang Deutschland GmbH(SDE)	Sale of scooters and its parts	100.00%	100.00%	
The Company	SY International Ltd.(SYI)	Investment shareholding company	100.00%	100.00%	
The Company	Sanyang Italia S.r.l(SIT)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Sanyang Motor Colombia S.A.S(SCB)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Yi Young Co., Ltd.(Yi Young)	Waste disposal	100.00%	100.00%	
The Company	APh corporation (APh)	Investment shareholding company	74.18%	71.20%	Note 1
The Company	Chiao Song Health Co., Ltd.( Chiao Song Health)	Senior Citizen Residence	60.00%	60.00%	Note 2、8
APh	APh ePower Co., Ltd.(APh ePower)	Development and sale of aluminum battery-related energy products.	100.00%	100.00%	
Shan Young	Taiwan Tea Corporation(TTC)	Production and marketing of teas and real estate management and development, etc.	28.31%	-%	Note 7
Shan Young	Vista Hill Environmental Co., Ltd.(Vista Hill Environmental)	Waste disposal	70.95%	70.95%	
TTC	Chiao Song Health Co., Ltd.( Chiao Song Health)	Senior Citizen Residence	40.00%	-%	Note 2、8
NOVA Design	Nova Design Ltd.(NOVA Samoa)	Investment shareholding company	42.30%	42.30%	
Nanyang	Li Yang Industry Co., Ltd.(Li Yang)	Repair of automobiles and sale of automobile parts	100.00%	100.00%	
Nanyang	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	61.46%	61.46%	
Nanyang	Jau Ryh Business Co., Ltd.(Jau Ryh)	Distribution, repair, and maintenance of automobiles and its parts	100.00%	100.00%	
Nanyang	Nanyang Holding Co., Ltd.(NY Samoa)	Investment shareholding company	100.00%	100.00%	
Nanyang	Nanyang Insurance Agent Co., Ltd.(Nanyang Insurance Agent)	Property insurance agency business	93.31%	93.31%	Note 3

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio		Description
			December 31, 2025	December 31, 2024	
Nanyang	Shian Yang Industrial Co., Ltd.(Shian Yang)	Repair of automobiles and sale of automobile parts	100.00%	100.00%	
Nanyang	Chuanyang Industrial Co., Ltd. (Chuanyang)	Distribution, repair, and maintenance of automobiles and its parts	100.00%	100.00%	
Ching Ta	Three Brothers Machinery Industrial Co., Ltd.(TBM)	Manufacturing, processing and sale of scooter parts	55.00%	55.00%	
Ching Ta	Fact Co., Ltd.	Manufacturing, processing and sale of hardware and iron	-%	-%	Note 4
Ching Ta	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	21.12%	21.12%	
Ching Ta	Nova Design Ltd.(NOVA Samoa)	Investment shareholding company	57.70%	57.70%	
Ching Ta	Dynamic Motor Technology Co. Ltd.(Dynamic Motor Technology)	Electronics Components Manufacturing	51.00%	51.00%	Note 5
Profit Source	Chong Hing International Ltd.(Chong Hing)	Investment shareholding company	100.00%	100.00%	
Chong Hing	Nova Design (Shanghai) Ltd.(Nova Shanghai)	Industrial product industrial design	61.55%	61.55%	
Sun Goal	Zhangjiagang Qingzhou Engineering Industry Co., Ltd.(SCK)	Manufacturing and sale of scooter parts	30.27%	30.27%	
SYI	Cosmos System Inc.(Cosmos)	Investment shareholding company	100.00%	100.00%	
SYI	New Path Trading Ltd.(New Path)	Investment shareholding company	100.00%	100.00%	
SYI	Plassen International Ltd.(PIL)	Investment shareholding company	100.00%	100.00%	
SYI	Vietnam Manufacturing and Export Processing (Holdings) Ltd.(VMEPH)	Investment shareholding company	67.07%	67.07%	
SYI	Sun Goal Ltd.(Sun Goal)	Investment shareholding company	100.00%	100.00%	
NY Samoa	Chang Zhou Nan Yang Motor Sales and Service Co., Ltd.(Chang Zhou Nan Yang)	Retail of automobiles and its parts	100.00%	100.00%	
NOVA Samoa	Nova Design (Shanghai) Ltd.(Nova Shanghai)	Industrial product industrial design	38.45%	38.45%	
TBM	Vietnam Three Brothers Machinery Industrial Co., Ltd.(VTBM)	Manufacturing, processing, and sale of scooter parts	69.00%	69.00%	
TBM	Three Brothers Machinery Industrial (BVI) Co.,Ltd.(TBM BVI)	Investment shareholding company	100.00%	100.00%	
Cosmos	Zhangjiagang Qingzhou Engineering Industry Co., Ltd.(SCK)	Manufacturing and sale of scooter parts	69.73%	69.73%	
New Path	Sanyang Global (Xiamen) Co., Ltd.(Sanyang Global)	Scooter parts and molds development and wholesale	100.00%	100.00%	
VMEPH	Chin Zong Trading Co., Ltd.(Chin Zong)	Wholesale and retail of scooters and its parts	100.00%	100.00%	
VMEPH	Vietnam Manufacturing and Export Processing Co., Ltd.(VMEP)	Manufacturing and sale of scooters and its part	100.00%	100.00%	
PIL	Xiamen Xiashing Motorcycle Co., Ltd.(Xia Shing Motor)	Manufacturing and sale of scooters and its parts	76.67%	76.67%	
Xia Shing Motor	Xiamen Xiashing Trading Co., Ltd.(Xia Shing Trading)	Retail of automobiles and its parts	100.00%	100.00%	
Xia Shing Motor	Xiamen Qungeng Industry Co., Ltd. ( Xiamen Qungeng)	Manufacturing and sale of scooter parts	51.00%	51.00%	Note 6

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio		Description
			December 31, 2025	December 31, 2024	
TBM BVI	Xiamen Three Brothers Machinery Co., Ltd.(XTBM)	Industrial Manufacturing, processing and sale of scooter parts	100.00%	100.00%	
VMEP	Vietnam Casting Forge Precision Ltd. (VCFP)	Manufacturing of scooter parts, etc	100.00%	100.00%	
VMEP	Vietnam Three Brothers Machinery Industrial Co., Ltd.(VTBM)	Manufacturing, processing and sale of scooter parts	31.00%	31.00%	
VMEP	Dinh Duong Joint Stock Company(Dinh Duong)	Sale of scooters and real estate development, etc.	99.94%	99.94%	

Note 1: In June 2024, the Company participated in a \$600,000 thousand capital increase of APh ePower, with a base date set as July 1, 2024, increasing its shareholding ratio to 71.20%. In March 2025, the Company further participated in a \$500,000 thousand capital increase of APh ePower, with a base date set as April 1, 2025, raising its shareholding ratio to 74.18%. The Company completed the relevant investment in accordance with the resolution of the Board of Directors dated June 2, 2022.

Note 2: Chiao Song Health was established by the Group in the fourth quarter of 2024.

Note 3: Nanyang increased its invested capital in Nanyang Insurance Agent by \$23,392 thousand on August 14, 2024, obtaining 0.45% of the investee company's equity (comprised of 2,339 held thousand shares).

Note 4: 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 5: Dynamic Motor Technology was established by the Group in the third quarter of 2024.

Note 6: Xiamen Qungeng was established by the Group in the fourth quarter of 2024.

Note 7: Shan Young is the largest shareholder of TTC and obtained controlling interest on June 18, 2025. Consequently, it has been included in the preparation of the consolidated financial statements from that date forward.

Note 8: Chiao Song Health was originally an investor with a 40% interest invested by TTC in the fourth quarter of 2024 using the equity method, and a subsidiary in which the Company held a 60% interest. As TTC became a subsidiary of the Group on June 18, 2025, the Group indirectly made an acquisition of a 40% interest in Chiao Song Health.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****(d) Foreign currencies****(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 the 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 Group 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 Group disposes of only part of its investment in an associate or joint venture 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

The Group 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
- (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 Group 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 within 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 Group does not have the right to at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) 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 Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) 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 Group 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 or settlement date basis.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group 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.

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 Group 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Dividend income is recognized in profit or loss on the date on which the Group'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 described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group 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 Group 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:

- 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 Group'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 Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group 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 Group 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 Group's claim to cash flows from specified assets (e.g. non-recourse features)

#### 6) Impairment of financial assets

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

The credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of bank balances has not increased significantly since initial recognition and is measured at a 12-month ECL. For other financial assets, loss allowances is measured at an amount equal to lifetime ECL.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

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

The Group 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 Group in full.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost. 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.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of writeoff based on whether there is a reasonable expectation of recovery. The Group 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 Group's procedures for recovery of amounts due.

#### 7) Derecognition of financial assets

The Group 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 Group neither transfers nor retains

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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 Group 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.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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.

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

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 Group 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.

(h) Inventories

(i) Manufacturing industry

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.

(ii) Construction industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes costs incurred in bringing them to their existing location and condition. The cost of real estate development includes the construction costs incurred in developing, the land costs, the borrowing costs and the project costs. If the cost of inventories is higher than net realizable value, inventories shall be written down below cost to net realizable value, and the amount of the write-down shall be recognized as cost of sales in the period the write-down occurs.

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

1) Land held for development

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

2) Construction in progress

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Properties and land held for sale

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value

##### (i) 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 Group'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.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. 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.

##### (j) Investment in associates

Associates are those entities in which the Group 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.

The consolidated financial statements include the Group'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 Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group 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 Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group'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 Group 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

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 Group 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 Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group 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 Group continues to apply the equity method without remeasuring the retained interest.

When the Group 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 Group's proportionate interest in the net assets of the associate. The Group 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 Group'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.

#### (k) 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 as other revenue 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.

#### (l) 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.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 Group.

(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) Land-land improvements	3~10 years
2) Buildings	2~60 years
3) Machinery equipment	2~24 years
4) Utilities and vehicles	2~20 years
5) Office equipment and others	2~20 years
6) Leased assets	1~6 years
7) Bearer plants (Tea trees · Fruit trees · Coffee trees)	20~50 years

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

In addition, most of the Group's forests consist primarily of conservation tree species. These trees are either prohibited from logging or may only be logged with the approval of the competent authorities because they have not reached the required reforestation age, or they are planted for environmental conservation purposes and are not intended to be harvested or sold. Therefore, the forests are classified as land(land improvements).

(iv) Reclassification to investment property

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

(m) Leases

At inception of a contract, the Group 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.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(i) As a lessee

The Group 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 Group's incremental borrowing rate. Generally, the Group 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 Group'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 a extension or termination option; or
- 5) there is any lease modifications

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 Group accounts for the

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset and recognize in profit or loss.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet.

If an arrangement contains lease and non-lease components, the Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group 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 Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received as rental income under operating leases on a straight-line basis over the lease term.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 Group 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 Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(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 ~ 15 years
2) Royalty	1 ~ 17 years
3) Patent right and Others	3 ~ 19.5 years

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

(o) Impairment of non-financial assets

At each reporting date, the Group 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.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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.

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.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group 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.

(i) Warranties

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 fees

Carbon fees levied in accordance with Taiwan's Climate Change Response Act and Regulations Governing the Collection of Carbon Fees are recognized when the annual greenhouse gas emissions are probably to exceed the threshold. The provision for the carbon fee is measured based on the volume of greenhouse gas emissions incurred that exceeds the statutory threshold, using the rate expected to be applied, during the reporting period.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells automobiles, scooters and their parts, and manufactures and sells tea and related products, the trading of goods (including food and wine). The Group 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 Group has objective evidence that all criteria for acceptance have been satisfied.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group 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 Group'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 Group has a right to an amount of consideration that is unconditional.

#### 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 Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of the transaction, the Group 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, which is calculated when sales actually occur.

#### 4) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred, while deferred payment terms may be agreed in rare circumstances. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

(Continued)

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

## 5) Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

## (r) Government grants

The Group recognizes an unconditional government grant related to a asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

## (s) Employee benefits

## (i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

## (ii) Defined benefit plans

The Group'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 Group, 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 Group 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 Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated 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 Group 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.

(t) 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 Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Group 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 Group 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 that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group 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.

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

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

- (i) the Group 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.
- (u) Business combination

The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group'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. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group 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 Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group 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 Group 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.

(v) Earnings per share

The Group 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.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated 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 Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) The loss allowance of accounts receivable

The Group 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 Group 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(4).

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group 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(5) for further description of the valuation of inventories.

#### Assessment

The Group's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value.

The group 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 Group 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 Group 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(28).

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

- (i) Note 6(12) Investment property
- (ii) Note 6(28) Financial instruments

## 6 Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Petty cash	\$ 3,278	2,370
Bank deposits	6,970,418	4,995,545
Time deposits	3,722,246	4,104,482
Cash equivalents	99,658	1,194,065
Cash and cash equivalents	\$ 10,795,600	10,296,462

- (i) Time deposits with a maturity of over three months and without restrictions are classified as other current financial assets. As of December 31, 2025 and 2024, the balances were \$7,841,912 thousand and \$6,186,850 thousand, respectively.
- (ii) The Group's deposits in segregated trust account which are restricted for withdrawal, are classified as other non-current financial assets. As of December 31, 2025 and 2024, the balances were \$76,944 thousand and \$17,271 thousand, respectively.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(iii) Please refer to Note 6(28) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Non-current financial assets measured at fair value through profit or loss:		
Preferred shares of overseas unlisted companies	<b>\$ 15,459</b>	<b>15,459</b>

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Equity investments at fair value through other comprehensive income:</b>		
Common shares of domestic listed companies	\$ 877,634	556,954
Common shares of domestic unlisted companies	727,058	599,461
Common shares of overseas unlisted companies	492,571	514,185
<b>Total</b>	<b>\$ 2,097,263</b>	<b>1,670,600</b>

(i) The Group designate the equity investments stated above as financial assets at fair value through other comprehensive income because the Group intends to hold these investments for long-term strategic purposes.

(ii) For the years ended December 31, 2025 and 2024, dividend revenues of \$65,640 thousand and \$44,729 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:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Fair value of disposal	<b>\$ 39,954</b>	<b>8,328</b>
Gain or loss on disposal transferred to retained earnings	<b>\$ -</b>	<b>1,191</b>

On May 28, 2025, the Group subscribed to additional shares of Seknova Biotechnology Co., Ltd. at a percentage different from its existing ownership percentage, resulting in the shareholding ratio increased from 19.65% to 32.72%. As a result, the equity in Seknova Biotechnology Co., Ltd., previously recognized as financial assets at fair value through other comprehensive income, was reclassified as investments accounted for using equity method starting from that date. The fair value on May 28, 2025 is \$39,954 thousand.

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(iv) Please refer to Note 6(28) for credit risk and market risk.

(iv) As of December 31, 2025 and 2024, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals.

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Notes receivable from operating activities	\$ 340,068	397,385
Accounts receivable – measured at amortized cost	2,546,620	2,532,072
Lease receivables – measured at amortized cost	1,354,763	1,268,717
Less: Unrealized interest revenue	(84,546)	(79,873)
Subtotal	1,270,217	1,188,844
Other receivables	710,660	838,274
Total	4,867,565	4,956,575
Less: loss allowance	(56,676)	(68,176)
	<b>\$ 4,810,889</b>	<b>4,888,399</b>
Current	\$ 4,003,442	4,126,775
Non-current	807,447	761,624
Total	<b>\$ 4,810,889</b>	<b>4,888,399</b>

(i) The Group 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:

<b>Credit rating</b>	<b>December 31, 2025</b>			
	<b>Gross carrying amount</b>	<b>Weighted average expected credit loss rate</b>	<b>Loss allowance provision</b>	<b>Credit impaired</b>
Low risk	\$ 3,517,096	0%~4%	11,973	Yes
Medium risk	639,809	6%~100%	44,703	Yes
Total	<b>\$ 4,156,905</b>		<b>56,676</b>	

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

<u>Credit rating</u>	<u>December 31, 2024</u>			
	<u>Gross carrying amount</u>	<u>Weighted average expected credit loss rate</u>	<u>Loss allowance provision</u>	<u>Credit impaired</u>
Low risk	\$ 3,767,947	0%~5%	17,699	Yes
Medium risk	350,354	12%~100%	50,477	Yes
Total	<u>\$ 4,118,301</u>		<u>68,176</u>	

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current	\$ 3,798,332	3,882,287
Overdue 0 to 90 days	333,249	214,482
Overdue 91 to 180 days	7,176	947
Over 180 days past due	18,148	20,585
	<u>\$ 4,156,905</u>	<u>4,118,301</u>

For the credit risk of other receivables as of December 31, 2025 and 2024, please refer to Note 6(28).

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

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 68,176	69,666
Acquisition through business combination	129	-
Impairment losses reversed	(11,016)	(2,748)
Amounts written off	(354)	(143)
Foreign exchange (losses) gains	(259)	1,401
Balance at December 31	<u>\$ 56,676</u>	<u>68,176</u>

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (ii) The Group has signed the bank's acceptance for sale contracts entered into with financial institutions. These acceptance bills are guaranteed to be accepted by financial institutions with a higher credit rating when the issuer has deposited sufficient amount of the refundable deposit to the accepting banks. The Group has transferred almost all the risks and rewards under the ownership of the bank's acceptance, and hence the criteria for derecognition of financial assets are met. The information on the bank acceptances for sale not yet expired on the reporting date is as follows:

December 31, 2024				
Purchaser	Amount Derecognized	Amount Advanced Paid	Range of Interest Rate	Collateral
ABC	\$ 225,369 (CNY50,350)	225,369 (CNY50,350)	0.61%~1.18%	None

- (iii) In 2023, the Group 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 receivables".
- (iv) As of December 31, 2025 and 2024, notes and accounts receivable of the Group were pledged as collaterals; please refer to Note 8.

(5) Inventories

	December 31, 2025	December 31, 2024
Manufacturing Industry:		
Raw materials and materials	\$ 2,992,464	2,246,872
Work in process	330,793	246,674
Finished goods	3,395,657	2,681,631
Inventories in transit	1,447,497	1,488,965
Subtotal	8,166,411	6,664,142
Construction industry:		
Land held for construction site	4,621,403	2,925,497
Prepaid for land purchase – Dinh Duong	-	89,601
Subtotal	4,621,403	3,015,098
Total	\$ 12,787,814	9,679,240
Expected to be recovered in more than 12 months	\$ 4,621,403	2,925,497

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

- (i) Shan Young acquired the land located on Fuxing Section., Hsinchu City in the year of 2019 in succession and was involved in the Phase II Land Readjustment Project in Guaung-Pu, East District, Hsinchu City. According to the Plan of Readjustment prepared by preparatory committee in April, 2014, the land owners should bear the allocation of public facilities area in proportion to 39.26% and allocation of expenditures in proportion to 13.57%. The actual aforementioned ratio would depend on the calculation approved by the Hsinchu City Government. In addition, according to the Readjustment Rules made by the preparatory committee in July, 2014, all matters related to the readjustment area would be contracted to Zhen Ding Development Co., Ltd..
- (ii) Shan Young acquired the land located on Shuangyuan Section, Baoshan Township, Hsinchu County in the year of 2021 in succession, to organize a group by themselves for the purpose of implementing urban land consolidation in Shuangyuan Section, Baoshan Township, Hsinchu County in the year of 2023 and delegate the related party, Wei Yi Development and Construction Co., Ltd., to carry out all business related to the consolidation project, and delegate the related party, Huang Yu Chang, to advance all expenses for engineering work and land consolidation. The land owners should bear the allocation of public facilities area in proportion to 40% and allocation of expenditures in proportion to 13.18%. The area of lands to be given in by owners for public uses and to meet the expenses for engineering work and land consolidation and the interest of loan shall be approved by the competent authorities.
- (iii) Shan Young temporarily transfers the registration of its agricultural land to the third party due to consideration of regulations, but the original ownership certificates are retained and registration of other rights as guarantees. As of December 31, 2025 and 2024, the cost of land, in land registration progress, amounted to \$1,008,575 thousand and \$958,735 thousand, respectively.
- (iv) Dinh Duong a subsidiary of the Group, signed the Memorandum of Understanding with Mr. Nguyen Danh Hoang Viet, a non-related party, in the year of 2019. Both parties agreed to collaboratively invest the property located in Ciputra Hanoi International City, Hanoi, Vietnam. According to the terms of the Memorandum, the property cannot be sold at a profit unless both parties agree with it. The balance of related prepayments for land purchase at December 31, 2024 was \$89,601 thousand. The investment memorandum of understanding was terminated by agreement of both parties in June 2025, and the prepayment for the land has been fully refunded by the non-related party.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Cost of goods sold and others	\$ 47,871,778	50,580,127
Revenue from sale of scraps	(68,527)	(91,749)
Loss on disposal of inventory	17,697	10,328
Loss on (gain on recovery of) inventory market price decline and obsolescence	(6,904)	27,877
Gain on recovery of physical inventory	(330)	(1,407)
Cost of technical service	381,264	385,867
Cost of lease	621,407	569,498
Cost of design service	45,614	34,674
Others	776,906	728,862
<b>Total</b>	<b>\$ 49,638,905</b>	<b>52,244,077</b>

- (vi) The Group recognized gain on reversal of inventory write downs for the year ended December 31, 2025 due to disposal or sale of inventories.

- (vii) Inventories of TTC was pledged as collaterals; please refer to Note 8.

(6) Investments accounted for using equity method

- (i) A summary of the group's financial information on investments accounted for using the equity method is as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Associates	<b>\$ 502,038</b>	<b>4,584,545</b>

- (ii) The information of the major associate of the investments accounted for using the equity method was as follows:

<b>Associates</b>	<b>Relationship</b>	<b>Registration Country</b>	<b>Percentage of ownership December 31, 2024</b>
Taiwan Tea Corporation	Production and marketing of teas and real estate management and development, etc.	Taiwan	28.31%

Shan Young is the largest shareholder of TTC and obtained controlling interest on June 18, 2025. Consequently, it has been included in the preparation of the consolidated financial statements from that date forward. Please refer to Note 6(7). The following financial information only shows amounts prior to obtaining controlling interest.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

The fair value of investments in publicly traded stocks of the major associate was as follows:

	<b>December 31, 2024</b>
Taiwan Tea Corporation	<b><u>\$ 4,266,326</u></b>

The following is the aggregated financial information of the major associate, and necessary changes have already been made to the information therein concerning the associates' consolidated financial statements based on the IFRS as endorsed by FSC to reflect the fair value adjustments made at the time of acquisition and adjustment for accounting policy variations.

The financial information of Taiwan Tea Corporation was as follows:

	<b>December 31, 2024</b>	
Current assets	1,679,252	
Non-current assets	23,996,357	
Current liabilities	(686,731)	
Non-current liabilities	<u>(10,696,493)</u>	
Net assets	<b><u>14,292,385</u></b>	
Net assets, attributable to non-controlling interests	<u>-</u>	
Net assets, attributable to investee's shareholders	<b><u>14,292,385</u></b>	
	<b>For the years ended December 31</b>	
	<b><u>2025.1.1~6.18</u></b>	<b><u>2024</u></b>
Sales revenue	<b><u>\$ 252,557</u></b>	<b><u>433,108</u></b>
Net loss from continuing operations	(59,933)	(177,013)
Other comprehensive income	-	4,008
Comprehensive income	<b><u>\$ (59,933)</u></b>	<b><u>(173,005)</u></b>
Comprehensive income net loss, attributable to non-controlling interests	<u>\$ -</u>	<u>-</u>
Comprehensive income, attributable to investee's shareholders	<b><u>\$ (59,933)</u></b>	<b><u>(173,005)</u></b>

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance of investments in major associate at January 1	\$ 4,046,011	4,095,195
Comprehensive income attributable to Group	(16,966)	(49,184)
Ending balance of investments in major associate at December 31	4,029,045	4,046,011
Goodwill	56,702	56,702
Less : Treated as disposal due to reclassification to subsidiary during the period	(4,085,747)	-
Total carrying amount of equity of the major associate as of December 31	\$ -	<b>4,102,713</b>

(iii) The Group recognized a loss of \$937,160 thousand arising from the remeasurement of fair value of 28.31% equity of TTC owned before the acquisition date. The loss was recognized as “Losses on disposals of investments” in the 2025 consolidated financial statements of comprehensive income. In addition, accumulated unrealized valuation profit or loss of \$13,181 thousand on financial assets measured at fair value through other comprehensive income was reclassified to retained earnings.

(iv) The Group’s financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Carrying amount of individually insignificant associates’ equity	\$ <b>502,038</b>	<b>481,832</b>

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Attributable to the Group:		
Net loss from continuing operations	(18,046)	(11,902)
Other comprehensive income	6,296	673
Comprehensive income	<b>(11,750)</b>	<b>(11,229)</b>

(v) Although the Group is the largest shareholder of some associates, per comprehensive assessment, the key activities of the associates are resolved by the Board Meeting. The Group does not possess more than half of the seats in Board Meeting and hold the voting rights of more than half of its shareholders’ attendance rate. Therefore, the Group is unable to dominate their principal business activities. In conclusion, there is only the existence of significant influence over rather than control over the associates stated above.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

(7) Business combination

(i) Shan Young is the largest shareholder of TTC and obtained controlling interest on June 18, 2025. Consequently, it has been included in the preparation of the consolidated financial statements from that date forward.

(ii) The recognized amounts of identifiable assets acquired and liabilities assumed.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed at the acquisition date :

	<u>Acquisition date</u>
Cash and cash equivalents	\$ 44,215
Notes and accounts receivable, net	42,189
Other current receivables	1,118
Inventories (for manufacturing business)	233,567
Inventories (for construction business)	1,320,121
Prepayments	22,022
Other current financial assets	8,260
Other current assets, others	375
Non-current financial assets at fair value through other comprehensive income	692
Investments accounted for using equity method	4,952
Property, plant and equipment (Notes 6(10))	5,642,243
Right-of-use assets	4,619
Investment property, net (Notes 6(12))	21,549,437
Intangible assets (Note 6(13))	7,122
Net defined benefit asset, non-current	6,042
Other non-current financial assets	59,942
Other non-current assets, others	9,542
Short-term borrowings	(100,000)
Short-term notes and bills payable	(110,000)
Current contract liabilities	(24,833)
Accounts payable	(8,271)
Other payables	(44,512)
Current lease liabilities	(2,249)
Long-term borrowings, current portion	(289,100)

(Continued)

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

	<b>Acquisition date</b>
Other current liabilities, others	(4,414)
Long-term borrowings	(4,665,185)
Deferred income tax liabilities	(6,395,047)
Non-current lease liabilities	(2,454)
Guarantee deposits received	(410,034)
Other non-current liabilities, others	(9,400)
Fair value of net identifiable assets	<b>\$ 16,890,959</b>

(iii) Gain on a bargain purchase due to acquisition is as follows:

Fair value of identifiable net assets	\$ 16,890,959
Fair value of pre-existing interest	(3,148,587)
Non-controlling interest in the acquiree, proportionate share of the fair value of the identifiable net assets	(12,109,321)
Gain recognised in bargain purchase transaction	<b>\$ 1,633,051</b>

(iv) At the date of acquisition, the Group recognized \$1,633,051 thousand of gains as 「Gain recognised in bargain purchase transaction」 on the consolidated statement of comprehensive income for the year ended December 31, 2025.

(v) The Group acquired 63,250 thousand shares of privately placed shares of Taiwan Tea Corporation at a price of \$15.25 per share, with a total amount of \$964,563 thousand in October 2018. The Group can transfer the private placed shares in compliance with Article 43-8 of Securities and Exchange Act. But the issuer should meet the terms and conditions of issuance before conducting the public issuance procedures.

(8) Changes in a parent's ownership interest in a subsidiary and acquisitions of non-controlling interests

Acquisitions of non-controlling interests

(i) In March 2025 and June 2024, the Group 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.

The impacts of the changes in the Group's ownership of APH upon the equity attributable to owners of parent were as follows:

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

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (ii) On 14 August 2024, the Group subscribed to additional shares of Nanyang Insurance Agent of \$23,393 thousand, at a percentage different from its existing ownership percentage, please refer to the Note 4(3) for the changes in shareholding ratio .

The impacts of the changes in the Group's ownership of Nanyang Insurance Agent upon the equity attributable to owners of parent were as follows:

	<b>For the year end December 31, 2024</b>
Capital surplus	<b>\$ 134</b>

- (9) Material non-controlling interests of subsidiaries

<b>Subsidiaries</b>	<b>Main operation place</b>	<b>Percentage of non-controlling interests</b>	
		<b>December 31, 2025</b>	<b>December 31, 2024</b>
VMEPH and its subsidiaries	Vietnam/Hongkong	32.93%	32.93%
Xia Shing Motor and its subsidiaries	China	23.33%	23.33%
Aph and its subsidiaries	Taiwan	25.82%	28.80%
TTC	Taiwan	71.69%	- %

The following information of the aforementioned subsidiaries had been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

- (i) VMEPH and its subsidiaries's collective financial information:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current assets	\$ 3,127,729	3,133,771
Non-current assets	167,564	255,336
Current liabilities	(1,718,674)	(1,846,067)
Non- current liabilities	(61,433)	(68,060)
Net assets	<b>\$ 1,515,186</b>	<b>1,474,980</b>
Non-controlling interests	<b>\$ 499,034</b>	<b>485,800</b>

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

	<b>For the years ended December</b>	
	<b>31</b>	
	<u><b>2025</b></u>	<u><b>2024</b></u>
Sales revenue	<u><b>\$ 2,713,460</b></u>	<u><b>2,606,172</b></u>
Net gain (loss)	\$ 135,911	(120,237)
Other comprehensive income	(95,702)	27,500
Comprehensive income	<u><b>\$ 40,209</b></u>	<u><b>(92,737)</b></u>
Net gain (loss), attributable to non controlling interests	<u><b>\$ 44,755</b></u>	<u><b>(39,594)</b></u>
Comprehensive income, attributable to non-controlling interests	<u><b>\$ 13,241</b></u>	<u><b>(30,538)</b></u>
Net cash flows from operating activities	\$ (338,813)	305,001
Net cash flows from investing activities	712,061	(72,308)
Net cash flows from financing activities	133,296	(297,695)
Net increase (decrease) in cash and cash equivalents	<u><b>\$ 506,544</b></u>	<u><b>(65,002)</b></u>

(ii) Xia Shing Motor and its subsidiaries's collective financial information:

	<u><b>December 31,</b></u>	<u><b>December 31,</b></u>
	<u><b>2025</b></u>	<u><b>2024</b></u>
Current assets	\$ 4,943,460	5,264,023
Non-current assets	7,184,097	5,416,838
Current liabilities	(3,676,101)	(3,718,174)
Non- current liabilities	(330,056)	(394,594)
Net assets	<u><b>\$ 8,121,400</b></u>	<u><b>6,568,093</b></u>
Non-controlling interests	<u><b>\$ 1,942,076</b></u>	<u><b>1,532,336</b></u>

	<b>For the years ended December</b>	
	<b>31</b>	
	<u><b>2025</b></u>	<u><b>2024</b></u>
Sales revenue	<u><b>\$ 12,266,200</b></u>	<u><b>11,957,764</b></u>
Net gain	\$ 1,406,400	1,362,325
Other comprehensive income	85,145	178,146
Comprehensive income	<u><b>\$ 1,491,545</b></u>	<u><b>1,540,471</b></u>
Net gain, attributable to non controlling interests	<u><b>\$ 328,113</b></u>	<u><b>317,831</b></u>
Comprehensive income, attributable to non-controlling interests	<u><b>\$ 347,977</b></u>	<u><b>359,392</b></u>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Net cash flows from operating activities	\$ 1,482,570	1,311,143
Net cash flows from investing activities	(1,394,899)	(1,816,504)
Net cash flows from financing activities	(173,426)	934,620
Net (decrease) increase in cash and cash equivalents	<b>\$ (85,755)</b>	<b>429,259</b>

(iii) Aph and its subsidiaries's collective financial information:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current assets	\$ 816,716	770,923
Non-current assets	2,256,303	2,046,790
Current liabilities	(42,267)	(39,460)
Non- current liabilities	(112,021)	(118,718)
Net assets	<b>\$ 2,918,731</b>	<b>2,659,535</b>
Non-controlling interests	<b>\$ 753,617</b>	<b>765,946</b>

	<b>For the year ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Sales revenue	<b>\$ 1,130</b>	<b>1,934</b>
Net loss	\$ (240,805)	(207,567)
Other comprehensive income	-	-
Comprehensive income	<b>\$ (240,805)</b>	<b>(207,567)</b>
Net loss, attributable to non controlling interests	<b>\$ (63,709)</b>	<b>(63,836)</b>
Comprehensive income, attributable to non-controlling interests	<b>\$ (63,709)</b>	<b>(63,836)</b>
Net cash flows from operating activities	\$ (182,193)	(177,891)
Net cash flows from investing activities	(264,961)	(765,669)
Net cash flows from financing activities	471,512	587,198
Net increase (decrease) in cash and cash equivalents	<b>\$ 24,358</b>	<b>(356,362)</b>

(Continued)

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

(iv) TTC's collective financial information:

	<b>December 31, 2025</b>
Current assets	\$ 1,740,249
Non-current assets	27,225,972
Current liabilities	(585,338)
Non-current liabilities	(11,555,473)
Net assets	<b>\$ 16,825,410</b>
Non-controlling interests	<b>\$ 12,062,328</b>
Note : TTC became a subsidiary of the consolidated company on June 18, 2025, and was included in the consolidated financial statements.	
	<b>2025.6.18~12.31</b>
Sales revenue	<b>\$ 220,095</b>
Net loss	\$ (66,800)
Other comprehensive income	1,252
Comprehensive income	<b>\$ (65,548)</b>
Net loss, attributable to non controlling interests	<b>\$ (47,890)</b>
Comprehensive income, attributable to non-controlling interests	<b>\$ (46,992)</b>
Net cash flows from operating activities	\$ 40,331
Net cash flows from investing activities	703
Net cash flows from financing activities	(20,198)
Net increase in cash and cash equivalents	<b>\$ 20,836</b>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (10) Property, plant and equipment

The movement in the cost, depreciation and impairment of the property, plant and equipment of the Group were as follow:

	Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Leased Assets	Bearer plant	Construction in progress	Accumulated impairment	Total
<b>Cost or deemed cost:</b>										
Balance on January 1, 2025	\$ 7,329,743	7,471,666	13,016,623	1,485,000	1,303,343	1,817,884	-	1,884,516	-	34,308,775
Acquisition through business combination	3,866,803	889,848	287,664	66,583	234,771	-	972,420	1,578	-	6,319,667
Additions	-	24,414	454,395	42,487	57,892	467,501	88	1,042,694	-	2,089,471
Disposals	(3,795)	(170,967)	(797,151)	(291,841)	(110,125)	(403,130)	-	-	-	(1,777,009)
Transfer from inventories	-	-	-	275,951	26,399	-	-	-	-	302,350
Transfer from investment property	1,841	14,948	-	-	-	-	-	-	-	16,789
Transfer from (to) construction in progress	-	33,256	330,056	6,967	76,844	-	-	(447,123)	-	-
Reclassifications	-	-	-	(75)	-	-	-	(1,170)	-	(1,245)
Effect of changes in foreign exchange rates	-	(42,724)	(69,891)	(18,201)	(37,037)	-	-	5,344	-	(162,509)
Balance on December 31, 2025	<u>\$ 11,194,592</u>	<u>8,220,441</u>	<u>13,221,696</u>	<u>1,566,871</u>	<u>1,552,087</u>	<u>1,882,255</u>	<u>972,508</u>	<u>2,485,839</u>	<u>-</u>	<u>41,096,289</u>
Balance on January 1, 2024	\$ 7,168,304	7,339,703	12,764,829	1,526,044	1,349,375	1,717,881	-	1,222,194	-	33,088,330
Additions	161,439	51,558	434,911	36,237	49,509	456,851	-	1,403,832	-	2,594,337
Disposals	-	(44,957)	(889,572)	(452,699)	(138,095)	(356,848)	-	(192)	-	(1,882,363)
Transfer from inventories	-	-	-	351,203	24,339	-	-	-	-	375,542
Transfer from (to) construction in progress	-	87,410	588,692	17,672	41,614	-	-	(735,388)	-	-
Reclassifications	-	-	-	-	-	-	-	(8,750)	-	(8,750)
Effect of changes in foreign exchange rates	-	37,952	117,763	6,543	(23,399)	-	-	2,820	-	141,679
Balance on December 31, 2024	<u>\$ 7,329,743</u>	<u>7,471,666</u>	<u>13,016,623</u>	<u>1,485,000</u>	<u>1,303,343</u>	<u>1,817,884</u>	<u>-</u>	<u>1,884,516</u>	<u>-</u>	<u>34,308,775</u>
<b>Accumulated depreciation and impairment loss :</b>										
Balance on January 1, 2025	\$ -	4,260,168	10,859,977	906,343	948,182	681,522	-	-	536,709	18,192,901
Acquisition through business combination	6,538	125,842	78,776	20,824	96,456	-	81,562	-	267,426	677,424
Depreciation for the year	729	211,776	618,188	113,498	117,070	299,046	7,377	-	-	1,367,684
Impairment loss	-	-	-	-	-	-	-	-	20,990	20,990
Disposals	(2,349)	(92,680)	(788,312)	(121,833)	(103,376)	(288,923)	-	-	(31,637)	(1,429,110)
Transfer from investment property	-	5,767	-	-	-	-	-	-	-	5,767
Effect of changes in foreign exchange rates	-	(23,781)	(83,037)	(15,185)	(29,684)	-	-	-	(24,739)	(176,426)
Balance on December 31, 2025	<u>\$ 4,918</u>	<u>4,487,092</u>	<u>10,685,592</u>	<u>903,647</u>	<u>1,028,648</u>	<u>691,645</u>	<u>88,939</u>	<u>-</u>	<u>768,749</u>	<u>18,659,230</u>
Balance on January 1, 2024	\$ -	4,082,406	11,146,343	1,060,147	987,902	661,510	-	-	520,928	18,459,236
Depreciation for the year	-	196,927	506,155	99,270	112,338	280,419	-	-	-	1,195,109
Impairment loss	-	-	-	-	-	-	-	-	22,834	22,834
Disposals	-	(44,951)	(886,484)	(258,217)	(133,620)	(260,407)	-	-	(17,627)	(1,601,306)
Effect of changes in foreign exchange rates	-	25,786	93,963	5,143	(18,438)	-	-	-	10,574	117,028
Balance on December 31, 2024	<u>\$ -</u>	<u>4,260,168</u>	<u>10,859,977</u>	<u>906,343</u>	<u>948,182</u>	<u>681,522</u>	<u>-</u>	<u>-</u>	<u>536,709</u>	<u>18,192,901</u>
<b>Carrying amount:</b>										
Balance on December 31, 2025	<u>\$ 11,189,674</u>	<u>3,733,349</u>	<u>2,536,104</u>	<u>663,224</u>	<u>523,439</u>	<u>1,190,610</u>	<u>883,569</u>	<u>2,485,839</u>	<u>(768,749)</u>	<u>22,437,059</u>
Balance on January 1, 2024	<u>\$ 7,168,304</u>	<u>3,257,297</u>	<u>1,618,486</u>	<u>465,897</u>	<u>361,473</u>	<u>1,056,371</u>	<u>-</u>	<u>1,222,194</u>	<u>(520,928)</u>	<u>14,629,094</u>
Balance on December 31, 2024	<u>\$ 7,329,743</u>	<u>3,211,498</u>	<u>2,156,646</u>	<u>578,657</u>	<u>355,161</u>	<u>1,136,362</u>	<u>-</u>	<u>1,884,516</u>	<u>(536,709)</u>	<u>16,115,874</u>

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

- (i) The Group temporarily transfers the registration of its agricultural land to the third party due to consideration of regulations, but the original ownership certificates are retained and the registration of other rights as guarantees. As of December 31, 2025 and 2024, the cost of land, in land registration progress, amounted to \$206,092 thousand and \$194,708 thousand, respectively.
- (ii) VMEP conducted impairment assessment for property, plant and equipment, right-of-use assets and prepayments for equipment on the reporting date. The assessment was based on the recoverable amount of the assets, which was the greater of the value in use and the fair value less the costs to sell. The value in use was calculated based on the estimated cash flows affected by comprehensive conditions such as industrial change, market competition, and variation of future revenues, gross profit and operating costs, etc., then being discounted to its present value. The Group used discount rate of 13.00% for the years ended 2025 and 2024, which reflected the risks specific to the assets or CGUs, and impairment losses were accordingly recognized in the amount of \$10,682 thousand (\$10,682 thousand for property, plant and equipment) and \$15,451 thousand (\$15,451 thousand for property, plant and equipment).
- (iii) As of December 31, 2025 and 2024, the property, plant and equipment of the Group were pledged as collaterals; please refer to Note 8.
- (11) Right-of-use assets

The movements in the cost and depreciation of the leased land and buildings were as follows:

	<u>Land</u>	<u>Buildings and Others</u>	<u>Total</u>
<b>Cost:</b>			
Balance on January 1, 2025	\$ 798,173	1,052,461	1,850,634
Additions	20,665	186,122	206,787
Reductions	(49,568)	(87,998)	(137,566)
Effect of changes in foreign exchange rates	20,590	1,792	22,382
Balance on December 31, 2025	<u>\$ 789,860</u>	<u>1,152,377</u>	<u>1,942,237</u>
Balance on January 1, 2024	\$ 685,994	1,135,286	1,821,280
Additions	112,516	223,176	335,692
Reductions	(12,220)	(306,152)	(318,372)
Effect of changes in foreign exchange rates	11,883	151	12,034
Balance on December 31, 2024	<u>\$ 798,173</u>	<u>1,052,461</u>	<u>1,850,634</u>

(Continued)

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

	<u>Land</u>	<u>Buildings and Others</u>	<u>Total</u>
<b>Accumulated depreciation and impairment loss:</b>			
Balance on January 1, 2025	\$ 373,586	471,694	845,280
Depreciation for the year	28,809	152,486	181,295
Reductions	(10,119)	(78,253)	(88,372)
Effect of changes in foreign exchange rates	(11,928)	1,704	(10,224)
Balance on December 31, 2025	<u>\$ 380,348</u>	<u>547,631</u>	<u>927,979</u>
Balance on January 1, 2024	\$ 358,059	624,273	982,332
Depreciation for the year	21,284	152,414	173,698
Reductions	(12,220)	(305,069)	(317,289)
Effect of changes in foreign exchange rates	6,463	76	6,539
Balance on December 31, 2024	<u>\$ 373,586</u>	<u>471,694</u>	<u>845,280</u>
<b>Carrying amount:</b>			
Balance on December 31, 2025	<u>\$ 409,512</u>	<u>604,746</u>	<u>1,014,258</u>
Balance on January 1, 2024	<u>\$ 327,935</u>	<u>511,013</u>	<u>838,948</u>
Balance on December 31, 2024	<u>\$ 424,587</u>	<u>580,767</u>	<u>1,005,354</u>

- (i) On November 28, 2025, the Board of Directors of VMEP resolved to transfer the land use rights and its affiliated buildings located in Bien Hoa City, Dong Nai Province, to Ho Nai Industrial Park Joint Stock Company, a non-related party, for a contract price of VND 385,000,000 thousand (approximately \$462,000 thousand). The full contract price was collected, and the transfer was completed on December 22, 2025.
- (ii) As of December 31, 2025 and 2024, right-of-use assets of the Group were pledged as collaterals; please refer to Note 8.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(12) Investment property

The movements of investment property of the Group were as follow :

	Owned property			Right-of-use assets	Total
	Land and improvements	Buildings	Construction in progress	Land and improvement	
<b>Cost or deemed cost:</b>					
Balance on January 1, 2025	\$ 1,863,963	3,227,466	471,030	161,062	5,723,521
Acquisition through business combination	23,614,806	1,368,685	42,804	-	25,026,295
Additions	24	44,285	151,712	-	196,021
Transfer from (to) construction in progress	-	65,716	(65,716)	-	-
Transfer to Property, plant and equipment	(1,841)	(14,948)	-	-	(16,789)
Disposals	(7,029)	-	-	-	(7,029)
Effect of changes in foreign exchange rates	-	8	-	(8,579)	(8,571)
Balance on December 31, 2025	<u>\$ 25,469,923</u>	<u>4,691,212</u>	<u>599,830</u>	<u>152,483</u>	<u>30,913,448</u>
Balance on January 1, 2024	\$ 1,361,288	2,836,134	-	157,644	4,355,066
Additions	502,675	388,437	471,030	-	1,362,142
Effect of changes in foreign exchange rates	-	2,895	-	3,418	6,313
Balance on December 31, 2024	<u>\$ 1,863,963</u>	<u>3,227,466</u>	<u>471,030</u>	<u>161,062</u>	<u>5,723,521</u>
<b>Accumulated depreciation and impairment loss:</b>					
Balance on January 1, 2025	\$ -	791,443	-	11,273	802,716
Acquisition through business combination	2,740,070	736,788	-	-	3,476,858
Depreciation for the year	-	109,012	-	1,772	110,784
Transfer to Property, plant and equipment	-	(5,767)	-	-	(5,767)
Effect of changes in foreign exchange rates	-	283	-	(196)	87
Balance on December 31, 2025	<u>\$ 2,740,070</u>	<u>1,631,759</u>	<u>-</u>	<u>12,849</u>	<u>4,384,678</u>
Balance on January 1, 2024	\$ -	710,699	-	9,148	719,847
Depreciation for the year	-	79,257	-	1,857	81,114
Effect of changes in foreign exchange rates	-	1,487	-	268	1,755
Balance on December 31, 2024	<u>\$ -</u>	<u>791,443</u>	<u>-</u>	<u>11,273</u>	<u>802,716</u>
<b>Carrying amount:</b>					
Balance on December 31, 2025	<u>\$ 22,729,853</u>	<u>3,059,453</u>	<u>599,830</u>	<u>139,634</u>	<u>26,528,770</u>
Balance on January 1, 2024	<u>\$ 1,361,288</u>	<u>2,125,435</u>	<u>-</u>	<u>148,496</u>	<u>3,635,219</u>
Balance on December 31, 2024	<u>\$ 1,863,963</u>	<u>2,436,023</u>	<u>471,030</u>	<u>149,789</u>	<u>4,920,805</u>
<b>Fair value:</b>					
Balance on December 31, 2025					<u>\$ 44,410,766</u>
Balance on December 31, 2024					<u>\$ 19,911,188</u>

- (i) The Group temporarily transfers the registration of its agricultural land to the third party due to consideration of regulations, but the original ownership certificates are retained and the registration of other rights as guarantees. As of December 31, 2025 and 2024, the cost of land, in land registration progress, amounted to \$32,216 thousand and zero , respectively.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (ii) 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.
- (iii) As of December 31, 2025 and 2024, the investment property of the Group were pledged as collateral; please refer to Note 8.

#### (13) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2025 and 2024, were as follows:

	<u>Goodwill</u>	<u>Patents and others</u>	<u>Total</u>
<b>Cost:</b>			
Balance on January 1, 2025	\$ 667,438	484,345	1,151,783
Acquisition through business combination	-	16,337	16,337
Additions	-	29,043	29,043
Disposals	-	(15,000)	(15,000)
Reclassifications	-	265	265
Effect of changes in foreign exchange rates	-	301	301
Balance on December 31, 2025	<u>\$ 667,438</u>	<u>515,291</u>	<u>1,182,729</u>
Balance on January 1, 2024	\$ 667,438	467,881	1,135,319
Additions	-	16,246	16,246
Effect of changes in foreign exchange rates	-	218	218
Balance on December 31, 2024	<u>\$ 667,438</u>	<u>484,345</u>	<u>1,151,783</u>
<b>Accumulated amortisation and impairment loss:</b>			
Balance on January 1, 2025	\$ -	67,102	67,102
Acquisition through business combination	-	9,215	9,215
Amortisation for the year	-	39,649	39,649
Impairment loss	667,438	-	667,438
Disposals	-	(15,000)	(15,000)
Effect of changes in foreign exchange rates	-	396	396
Balance on December 31, 2025	<u>\$ 667,438</u>	<u>101,362</u>	<u>768,800</u>
Balance on January 1, 2024	\$ -	39,036	39,036
Amortisation for the year	-	28,021	28,021
Effect of changes in foreign exchange rates	-	45	45
Balance on December 31, 2024	<u>\$ -</u>	<u>67,102</u>	<u>67,102</u>
<b>Carring Amount :</b>			
Balance on December 31, 2025	<u>\$ -</u>	<u>413,929</u>	<u>413,929</u>
Balance on January 1, 2024	<u>\$ 667,438</u>	<u>428,845</u>	<u>1,096,283</u>
Balance on December 31, 2024	<u>\$ 667,438</u>	<u>417,243</u>	<u>1,084,681</u>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(i) The details of amortisation :

The amortization of intangible assets is recognized in the following accounts of the consolidated statement of comprehensive income :

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Operating costs	\$ 6,198	536
Administrative expenses	5,022	1,046
Research and development expenses	28,429	26,439
Total	<b>\$ 39,649</b>	<b>28,021</b>

(ii) Patent

The Group measured the fair value of net assets obtained during acquisition and, respectively, evaluated the fair value and useful life of the significant intangible assets that meets the criteria. The Group obtained control over APH and its subsidiaries (the APH Group) on November 1, 2022. According to the results of the analysis for the APH Group's business, the patent was identified and recognized individually. Based on the development of related technology and application products, source of demand, current usage condition in the industry, law and regulations, the economic useful life was evaluated to be 19.5 years.

(iii) Impairment evaluation for Goodwill

On November 1, 2022, the Group obtained Goodwill arose from the control over the APH Group. The APH Group itself is a cash-generating unit that can generate cash inflows independently. As of June 30, 2025, due to delays in the mass production schedule, APH ePower was identified as having indications of impairment and therefore requires an impairment test. The key assumptions used for calculation of the value in use are as follows:

(1) The cash flow coverage period include the financial budget for the next 12.5 years. The projected operating revenue and gross profit represent the management's assessment of future industry trends, based on both internal and external historical data.

(2) The discount rate of 24.17% used to estimate the recoverable amount of the cash-generating unit is the weighted-average cost of capital, calculated based on different funding sources such as ordinary share equity and borrowings.

Comparing the recoverable amount based on the above key assumptions to the carrying amount on the evaluation date, an impairment loss of \$667,438 thousand for goodwill was recognized in 2025. There was no asset impairment in 2024.

(14) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

	<b>December 31, 2025</b>		
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rates (%)</b>	<b>Amount</b>
Commercial paper payable	CBF 、 MEGA BILLS 、 DCBF	2.08%~2.14%	\$ 149,894
Acceptance payable	CTBC 、 CIB	-	1,311,846
			<b>\$ 1,461,740</b>

(Continued)

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

	December 31, 2024	
	Guarantee or acceptance institution	Range of interest rates (%)
Acceptance payable	ABC、CTBC、CIB	-
		\$ 1,624,353

For the collaterals for short-term notes and bills payable, please refer to Note 8.

(15) Short-term borrowings

	December 31, 2025	December 31, 2024
Letters of credit	\$ 164,922	379,354
Unsecured bank loans	2,581,371	737,905
Secured bank loans	6,277,432	6,716,537
Total	\$ 9,023,725	7,833,796
Unused short-term credit lines	\$ 12,624,729	13,315,841
Range of interest rates	1.74%~6.00%	1.70%~6.30%

For the collateral for short-term borrowings, please refer to Note 8.

(16) Accounts payable (including related parties)

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

	December 31, 2025	December 31, 2024
Accounts payables to suppliers	\$ 5,001,010	5,044,387

(17) Long-term borrowings

The long-term borrowings were summarized as follows:

	December 31, 2025	December 31, 2024
Unsecured bank loans	\$ 1,339,985	1,068,571
Secured bank loans	18,495,795	13,475,474
Syndicated loan	1,967,100	-
Less: current portion	(1,421,098)	(1,284,574)
Total	\$ 20,381,782	13,259,471
Unused long-term credit lines	\$ 6,878,309	3,395,795
Range of interest rates	1.50%~2.89%	1.66%~2.57%

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(i) Revolving Issuance of Commercial Papers

In February 2025, the Group entered into an agreement with a bills finance company to issue commercial papers with a maturity within 90 days for each issuance, to be reissued on a revolving basis upon maturity, bearing an annual coupon interest rate of 1.98%.

On August 15, 2025, the Accounting Research and Development Foundation issued a Q&A which clarified that, as the revolving commercial paper issued by the entity 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, such liabilities shall be classified as current liabilities.

In response, the FSC issued transitional provisions stating that, entities with revolving commercial paper issued on or after January 1, 2026 shall apply the classification guidance in the Q&A, while those issued on or before December 31, 2025 need not comply.

Accordingly, the commercial paper issued by the Company In February, 2025 is classified as a non-current liability. For revolving issuances made on or after January 1, 2026, classification will be adjusted and reported as current liabilities in accordance with the above-mentioned guidance.

(ii) For the collateral for long-term borrowings, please refer to Note 8.

(18) Lease liabilities

Lease liabilities of the Group were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Current	<u>\$ 165,450</u>	<u>144,437</u>
Non-current	<u>\$ 779,336</u>	<u>777,137</u>

(i) For the maturity analysis, please refer to Note 6(28).

(ii) The amount recognized in profit or loss was as follows:

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	<u>\$ 18,172</u>	<u>15,720</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 822</u>	<u>214</u>
Expenses relating to short-term leases	<u>\$ 48,364</u>	<u>39,405</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 17,799</u>	<u>19,337</u>

The amounts recognized in the statement of cash flows for the Group were as follows :

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	<u>\$ 264,851</u>	<u>273,162</u>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(iii) Real estate leases

The Group leases land and buildings for its office, stores and plant. The leases of office typically run for a period of 2 to 8 years, stores for 5 to 20 years and plant for 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Lease payment of some contracts is subject to changes to the announced land prices and the state-owned land rent rate approved by the Executive Yuan.

Some leases of equipment contain extension and cancellation options exercisable by the Group. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(iv) Other leases

The Group leases IT equipment and machinery and employee's dormitories with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(19) Provisions

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ 1,034,993	847,036
Provisions made during the year	378,124	444,291
Provisions used during the year	(228,499)	(213,084)
Provisions reversed during the year	(36,274)	(44,192)
Effect of changes in foreign exchange rates	(588)	942
Balance on December 31	<b>\$ 1,147,756</b>	<b>1,034,993</b>
Current	\$ 577,838	545,409
Non-current	569,918	489,584
Total	<b>\$ 1,147,756</b>	<b>1,034,993</b>

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 products and historical warranty data.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(20) Operating lease

The Group leases out investment property, etc.. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(12) for information on the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Less than one year	\$ 166,970	140,831
One to two years	124,332	101,938
Two to three years	106,501	52,158
Three to four years	94,006	31,348
Four to five years	69,838	22,475
More than five years	356,167	3,797
Total undiscounted lease payments	<b><u>\$ 917,814</u></b>	<b><u>352,547</u></b>

Rental income from investment properties for the years ended December 31, 2025 and 2024, were \$202,116 thousand and \$169,927 thousand, respectively.

(21) Employee benefits

(i) Defined benefit plans

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Present value of defined benefit obligations	\$ 630,207	766,360
Fair value of plan assets	(687,881)	(507,230)
	<b><u>\$ (57,674)</u></b>	<b><u>259,130</u></b>
Net defined benefit (assets)	\$ (57,674)	(8,660)
Net defined benefit liabilities	-	267,790
	<b><u>\$ (57,674)</u></b>	<b><u>259,130</u></b>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

The employee benefit liabilities for the Group were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Compensated absence liabilities	<b>\$ 112,064</b>	<b>88,346</b>

The Group 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 Group 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 Group's Bank of Taiwan labor pension reserve account balance amounted to \$ 687,881 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 Group were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Defined benefit obligations at January 1	\$ 766,360	984,377
The effects of business combinations	36,013	-
Current service costs and interest cost	14,653	16,238
Remeasurements loss (gain):		
— Actuarial loss (gain)— experience adjustments	37,526	34,177
— Actuarial loss (gain)— financial assumptions	(9,921)	(25,289)
Benefits paid	(214,424)	(243,748)
Others	-	605
Defined benefit obligations at December 31	<b>\$ 630,207</b>	<b>766,360</b>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated 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 Group were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Fair value of plan assets at January 1	\$ 507,230	466,402
Acquisition through business combination	42,055	-
Interest income	8,444	6,037
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	42,499	57,126
Contributions paid by the employer	302,077	217,429
Benefits paid	(214,424)	(240,369)
Others	-	605
Fair value of plan assets at December 31	<b>\$ 687,881</b>	<b>507,230</b>

4) Expenses recognized in profit or loss

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

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Current service costs	\$ 1,879	3,283
Net interest of net liabilities for defined benefit obligations	4,330	6,918
	<b>\$ 6,209</b>	<b>10,201</b>
Operating costs	\$ 2,709	4,487
Selling expenses	876	1,550
Administration expenses	1,094	1,843
Research and development expenses	1,530	2,321
	<b>\$ 6,209</b>	<b>10,201</b>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 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 Group were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Cumulative amount, January 1	\$ 1,219,210	1,267,449
Recognized during the year	(14,894)	(48,239)
Cumulative amount, December 31	<b>\$ 1,204,316</b>	<b>1,219,210</b>

- 6) Actuarial assumptions

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Discount rate	1.35%~1.63%	1.625%~1.75%
Future salary increase rate	1%~3.5%	1%~3.2%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$19,326 thousand.

The weighted-average lifetime of the defined benefit plans is 2.12~8.19 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:

	<b>Influences of defined benefit obligations</b>	
	<b>Increased by 0.25%</b>	<b>Decreased by 0.25%</b>
December 31, 2025		
Discount rate	\$ (8,270)	8,491
Future salary increase rate	7,077	(6,914)
December 31, 2024		
Discount rate	(10,594)	10,872
Future salary increase rate	10,409	(10,181)

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.

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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 Group 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 Group 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 \$154,064 thousand and \$148,092 thousand for the years ended December 31, 2025 and 2024, respectively.

(22) Income taxes

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

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Current tax expense		
Current period	\$ 1,126,949	1,194,606
Land value increment tax	4,575	-
Others	124,437	173,128
	1,255,961	1,367,734
Deferred tax expense		
Origination and reversal of temporary differences	2,708	(24,416)
Income tax expense	<b>\$ 1,258,669</b>	<b>1,343,318</b>

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

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

(Continued)

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

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

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Profit before income tax	\$ 6,174,484	6,475,800
Income tax using the Company's domestic tax rate	1,234,897	1,295,160
Effect of tax rates in foreign jurisdiction	(512,706)	(352,899)
Non-deductible expenses	1,668	1,316
Share of loss accounted for using the equity method	7,002	12,404
Effect of tax on land value increment tax	2,940	-
Tax-exempt income from disposal of land	(6,145)	1,876
House and Land Transactions Income Tax	5,059	-
Losses on disposals of investments	187,432	-
Impairment loss on goodwill	133,488	-
Gain recognised in bargain purchase transaction	(326,610)	-
Adjustments for prior years tax	31,623	(3,589)
Change in unrecognized temporary differences	5,522	(17,582)
Additional tax on undistributed earnings	92,815	176,717
Effect of tax on repatriated offshore funds	-	(1,882)
Others	401,684	231,797
Income tax expense	<b>\$ 1,258,669</b>	<b>1,343,318</b>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group was able to control the timing of the reversal of the temporary differences associated with investments in foreign subsidiaries as of December 31, 2025 and 2024. Also, the Group considered it improbable 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:

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

(Continued)

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

2) Unrecognized deferred tax assets

Deferred tax assets had not been recognized in respect of the following items:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Tax effect of deductible temporary differences	\$ 413,841	54,817
The carryforward of unused tax losses	803,648	526,242
	<b>\$ 1,217,489</b>	<b>581,059</b>

Tax-deductible losses are as set forth in the Income Tax Act and approved by the tax authorities. Losses incurred by domestic companies in the preceding ten years, losses incurred by entities in China that are not high-tech enterprises or technology-based SMEs in the preceding five years, and losses incurred by Vietnamese companies in the preceding five years may be deducted from the net profit of the current year before income tax is assessed. Deferred tax assets had not been recognized in respect of these items because it was not probable that future taxable income would be available against which the Group can utilize the benefits therefrom.

As of December 31, 2025, the information on the Group's unused tax losses for which no deferred tax assets were recognized and the expiry dates were as follows:

<b>Unused tax losses</b>			
<b>Domestic entities</b>	<b>China entities</b>	<b>Vietnam and Other entities</b>	<b>Expiry date</b>
\$ 197,323	21,154	55,791	2026
443,829	8,554	4,510	2027
260,109	1,257	-	2028
340,556	-	95,557	2029
345,863	13,261	185,774	2030
434,032	-	-	2031
350,289	-	-	2032
420,155	-	-	2033
394,365	-	-	2034
447,191	-	-	2035
<b>\$ 3,633,712</b>	<b>44,226</b>	<b>341,632</b>	

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

3) 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>
<b>Deferred tax assets:</b>			
<b>Balance at January 1, 2025</b>	\$ 253,517	430,010	683,527
Recognized in profit or loss	-	11,312	11,312
Recognized in other comprehensive income	(2,123)	-	(2,123)
Exchange differences on translation of foreign financial statements	-	296	296
<b>Balance at December 31, 2025</b>	<u><u>\$ 251,394</u></u>	<u><u>441,618</u></u>	<u><u>693,012</u></u>
<b>Balance at January 1, 2024</b>	\$ 261,929	405,807	667,736
Recognized in profit or loss	(29)	23,192	23,163
Recognized in other comprehensive income	(8,383)	-	(8,383)
Exchange differences on translation of foreign financial statements	-	1,011	1,011
<b>Balance at December 31, 2024</b>	<u><u>\$ 253,517</u></u>	<u><u>430,010</u></u>	<u><u>683,527</u></u>

	<u>Income from foreign investments</u>	<u>Land value increment tax</u>	<u>Others</u>	<u>Total</u>
<b>Deferred tax liabilities:</b>				
<b>Balance at January 1, 2025</b>	\$ 319,553	1,149,842	55,807	1,525,202
Acquisition through business combination	-	6,395,047	-	6,395,047
Recognized in profit or loss	-	(1,990)	16,010	14,020
Exchange differences on translation of foreign financial statements	-	-	310	310
<b>Balance at December 31, 2025</b>	<u><u>\$ 319,553</u></u>	<u><u>7,542,899</u></u>	<u><u>72,127</u></u>	<u><u>7,934,579</u></u>
<b>Balance at January 1, 2024</b>	\$ 319,553	1,149,842	55,435	1,524,830
Recognized in profit or loss	-	-	(1,253)	(1,253)
Exchange differences on translation of foreign financial statements	-	-	1,625	1,625
<b>Balance at December 31, 2024</b>	<u><u>\$ 319,553</u></u>	<u><u>1,149,842</u></u>	<u><u>55,807</u></u>	<u><u>1,525,202</u></u>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(v) Assessment of income tax

- 1) The Company's income tax returns for the years through 2023 were assessed by the tax authorities.
- 2) The status of assessment of the domestic subsidiaries' income tax returns by the tax authorities was as follows:

Approval year	Company
2023	Shan Yang, Chu Yang, Shian Young, APh ePower, Yi Young, Nova Design, Ching Ta, APh, Chin Zong, Vista Hill Environmental, Nanyang Insurance Agent, Sunshine Auto-Lease, Chuanyang, Li Yang, TTC, Youth Taisun, Jau Ryh, and TBM
2022	Nanyang

(vi) Global minimum top-up tax

The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). The Pillar Two Act has been enacted and become effective in some jurisdictions where the subsidiaries locate. Starting from January 1, 2025, the undertaxed payments rule has been applied, and the Group are responsible for paying top-up tax on the difference between the GloBE effective tax rate and the 15% minimum tax rate in each jurisdiction.

The Group 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. Please refer to Note 4(20) for accounting policies.

As of December 31, 2025, the Group assessed that the scope of the top-up tax levy does not have a material impact on the current income tax effect of the consolidated financial statements. The Group is currently engaged with tax specialists to assist it with applying the legislation.

(23) 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 thousand 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	
	2025	2024
Balance on January 1	797,490	797,490
Retirement of treasury shares	(13,814)	-
Balance on December 31	<u>783,676</u>	<u>797,490</u>

(Continued)

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

(ii) Capital surplus

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
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
	<u><u>\$ 1,717,409</u></u>	<u><u>1,735,853</u></u>

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.

(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, but the distribution ratio of stock dividends shall not be higher than 50% of the total dividends, 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 FSC, 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.

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 netreduction of other shareholders' equity shall qualify for additional distributions. The special reserves were (reversed) set aside 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 Company reversed by \$4,258 thousand in June, 2024.

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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, and the detailed information could be obtained from the “Market Observation Post System”:

	2024		2023	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	<u>\$ 3.02781449</u>	<u>2,392,469</u>	<u>3.00000000</u>	<u>2,392,469</u>

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

(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 treasury shares. As of December 31, 2025 and 2024, the market price per share of the Company was \$61.40 and \$69.10, respectively.

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

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

  

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

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

- 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.
- 4) The Board of Directors of the Company on June 23, 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.

(v) Other equity, net of tax

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance on 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 (losses) 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 on December 31, 2025	<u><u>\$ (1,052,479)</u></u>	<u><u>46,827</u></u>	<u><u>(1,005,652)</u></u>

(Continued)

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

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance on 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 (losses) 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, associates accounted for using equity method	-	4,667	4,667
Balance on December 31, 2024	<u>\$ (1,026,097)</u>	<u>40,564</u>	<u>(985,533)</u>

(vi) Non-controlling interests

	<b>Attributed to Non-controlling Interests</b>
Balance on January 1, 2025	\$ 3,445,933
Net income attributable to non-controlling interests	382,526
Exchange differences on translation of foreign financial statements, net of tax	(14,286)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(3,983)
Actuarial gains (losses) from defined benefits plans	1,740
Changes in ownership interests in subsidiaries	47,449
Changes in non-controlling interests	12,124,940
Balance on December 31, 2025	<u>\$ 15,984,319</u>

(Continued)



**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(25) Revenue from contracts with customers

(i) Details of revenue

<b>For the year ended December 31, 2025</b>				
	<b>Domestic segment</b>	<b>Foreign segment</b>	<b>Other segments</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 45,086,157	1,598	452,546	45,540,301
China	10,977	2,995,390	8,090	3,014,457
Asia	1,239,588	4,642,030	-	5,881,618
Europe	2,532,962	2,446,535	-	4,979,497
Others	903,982	2,312,106	-	3,216,088
	<u>\$ 49,773,666</u>	<u>12,397,659</u>	<u>460,636</u>	<u>62,631,961</u>
Major products/services lines				
Merchandise sales	\$ 47,465,049	12,323,115	155,232	59,943,396
Technical services	740,523	2,258	-	742,781
Leasing services	476,700	713	141,713	619,126
Design services	-	-	26,551	26,551
Others	1,091,394	71,573	137,140	1,300,107
	<u>\$ 49,773,666</u>	<u>12,397,659</u>	<u>460,636</u>	<u>62,631,961</u>
<b>For the year ended December 31, 2024</b>				
	<b>Domestic segment</b>	<b>Foreign segment</b>	<b>Other segments</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 48,749,456	-	145,940	48,895,396
China	-	3,668,020	7,835	3,675,855
Asia	2,334,246	3,433,145	-	5,767,391
Europe	2,647,791	2,544,444	-	5,192,235
Others	853,914	1,239,753	-	2,093,667
	<u>\$ 54,585,407</u>	<u>10,885,362</u>	<u>153,775</u>	<u>65,624,544</u>
Major products/services lines				
Merchandise sales	\$ 52,366,623	10,816,622	-	63,183,245
Technical services	665,363	2,389	-	667,752
Leasing services	458,762	776	128,476	588,014
Design services	-	-	25,299	25,299
Others	1,094,659	65,575	-	1,160,234
	<u>\$ 54,585,407</u>	<u>10,885,362</u>	<u>153,775</u>	<u>65,624,544</u>

(Continued)

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

(ii) Contract balances

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>January 1,</u> <u>2024</u>
Notes receivable	\$ 340,068	397,385	348,375
Accounts receivable	2,546,620	2,532,072	2,017,798
Lease receivables	1,270,217	1,188,844	1,029,817
Less: Loss allowance	<u>(56,676)</u>	<u>(68,176)</u>	<u>(69,666)</u>
Total	<u><b>\$ 4,100,229</b></u>	<u><b>4,050,125</b></u>	<u><b>3,326,324</b></u>
Current contract liabilities	\$ 774,739	461,852	416,500
Non-current contract liabilities (Classified as other non-current liabilities, others)	<u>2,171</u>	<u>-</u>	<u>-</u>
Total	<u><b>\$ 776,910</b></u>	<u><b>461,852</b></u>	<u><b>416,500</b></u>

Please refer to Note 6(4) for the details of notes and accounts receivable and allowance for impairment.

The major change in the balance of contract liabilities is arising from the difference between the time frame of 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.

(26) 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 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 consolidated financial statements, were identical to those of the actual distributions for 2025 and 2024.

(Continued)

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

(27) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Interest income from bank deposits	\$ 516,653	570,081
Others	20,262	26,086
Total interest income	<b>\$ 536,915</b>	<b>596,167</b>

(ii) Other income

The details of other income were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Rental income	\$ 51,749	50,556
Dividend revenue	65,645	44,732
Total other income	<b>\$ 117,394</b>	<b>95,288</b>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Foreign exchange gains	\$ 91,426	152,940
Government grants	63,374	38,713
Gains on disposals of property, plan and equipment	382,540	17,983
Others	119,076	211,949
Other gains and losses, net	<b>\$ 656,416</b>	<b>421,585</b>

(iv) Finance costs

The details of finance costs were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Interest expense	<b>\$ 577,053</b>	<b>431,279</b>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(28) Financial instruments

(i) Credit risk

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

(ii) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to Note 6(4).

Other financial assets at amortized cost includes other receivables and time deposits, 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.

(iii) 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>
<b>December 31, 2025</b>							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	\$ 32,288,345	33,708,533	9,842,968	2,912,505	9,954,112	10,998,948	-
Lease liabilities	944,786	1,074,287	96,379	86,258	172,778	306,905	411,967
	<u>\$ 33,233,131</u>	<u>34,782,820</u>	<u>9,939,347</u>	<u>2,998,763</u>	<u>10,126,890</u>	<u>11,305,853</u>	<u>411,967</u>
<b>December 31, 2024</b>							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	\$ 24,002,194	24,686,731	9,485,986	1,538,790	3,133,389	3,133,389	-
Lease liabilities	921,574	1,057,636	80,157	80,833	155,600	319,155	421,891
	<u>\$ 24,923,768</u>	<u>25,744,367</u>	<u>9,566,143</u>	<u>1,619,623</u>	<u>3,288,989</u>	<u>10,847,721</u>	<u>421,891</u>

The Group 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. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Currency risk

1) Exposure to foreign currency risk

The Group'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						
Monetary items						
USD:NTD	\$ 34,710	31.4250	1,090,764	33,881	32.7900	1,110,970
EUR:NTD	32,167	36.8900	1,186,658	30,777	34.1300	1,050,418
USD:CNY	80,364	6.9864	2,525,439	74,325	7.3257	2,437,117
Financial liabilities						
Monetary items						
USD:NTD	31,908	31.4250	1,002,709	39,435	32.7900	1,293,070
USD:CNY	2,245	6.9864	70,544	1,241	7.3257	40,694

2) Sensitivity analysis

The Group'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 and other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against USD, EUR and CNY 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 \$29,837 thousand and \$26,118 thousand, respectively. The analysis assumes that all other variables factors remain constant.

3) Foreign exchange gains (losses) on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2025 and 2024, foreign exchange gain (loss) (including the realized and the unrealized portions) is amounted to \$91,426 thousand and \$152,940 thousand, respectively.

(v) Interest rate analysis

The financial assets and liabilities's 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 Group management's assessment of the reasonably possible interest rate changes.

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

If the interest rate increased/decreased by 1%, the Group's net income would have increased/decreased by \$48,318 thousand and \$8,263 thousand for the years ended December 31, 2025 and 2024, respectively, with all other variable factors remaining constant. This is mainly due to the Group's variable-rate borrowings and time deposits.

(vi) Other market price risk

If the price of the securities which the Group 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.

	For the years ended December 31			
	2025		2024	
	Other comprehensive income (loss), net of tax	Net income (loss)	Other comprehensive income (loss), net of tax	Net income (loss)
Prices of securities at the reporting date				
Increase 5%	\$ 83,891	618	66,824	618
Decrease 5%	\$ (83,891)	(618)	(66,824)	(618)

(vii) 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 receivable, other financial assets, short-term borrowings, short-term bills and notes payable, accounts payable, other payables (including related parties), long-term borrowings (including the current portion) and guarantee deposits received, and for the investments of equity instrument that the quoted prices in active markets are unavailable and the fair value can not be measured reliably, disclosure of fair value information is not required.

(Continued)



## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Valuation techniques for financial instruments measured at fair value

##### a) Non-derivative financial instruments

Evaluation of financial instruments traded in active markets is 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 Group have an active market, the measurements of fair value are categorized as follows:

- The listed stocks are recognized as financial assets traded in active markets by the standards and nature. The fair value is measured at the market quoted price.
- The listed private stocks are traded in active markets, whether they are public depends on the standards and nature. The fair value is measured at the market quoted price, and the control premium and restrictions on transfer by regulations and market illiquidity discount should be considered simultaneously.

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 Group 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 Group needs to obtain the fair value of the Group's net assets, and calculate the company's equity value. The discount effect is adjusted due to lack of market liquidity in equity securities.

##### b) Derivative financial instruments

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

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### c) Fair value hierarchy

The Group 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 Group'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

	At fair value through profit or loss	Fair value through other comprehensive income	
	Non-derivative mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Total
Opening balance, January 1, 2025	\$ 15,459	1,113,646	1,129,105
Total gains and losses recognized in other comprehensive income	-	(28,876)	(28,876)
Acquisition through business combination	-	692	692
Purchases	-	172,494	172,494
Treated as disposal due to reclassification to investments accounted for using equity method (Note)	-	(39,954)	(39,954)
Effect of changes in foreign exchange rate	-	1,627	1,627
Ending Balance, December 31, 2025	<u>\$ 15,459</u>	<u>1,219,629</u>	<u>1,235,088</u>
Opening balance, January 1, 2024	\$ 15,459	946,056	961,515
Total gains and losses recognized in other comprehensive income	-	88,049	88,049
Purchases	-	66,787	66,787
Effect of changes in foreign exchange rate	-	12,754	12,754
Ending Balance, December 31, 2024	<u>\$ 15,459</u>	<u>1,113,646</u>	<u>1,129,105</u>

Note : Please refer to Note6 (3).

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

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

The Group'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

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

individually independent, and there is no correlation between them.

Quantified information on significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Interrelationship between Significant Unobservable Inputs and Fair Value Measurement</u>
Financial assets at fair value through profit or loss-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> <li>• Net Asset Value</li> <li>• Market illiquidity discount rate (10% as of December 31, 2025 and 2024)</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> <li>• The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).</li> </ul>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> <li>• Net Asset Value</li> <li>• Market illiquidity discount rate (10% as of December 31, 2025 and 2024)</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> <li>• The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).</li> </ul>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Listed Company Comparison Method	<ul style="list-style-type: none"> <li>• The multiplier of price-to-book ratio (2.06~5.50 and 2.29~3.18 as of December 31, 2025 and 2024, respectively)</li> <li>• Market illiquidity discount rate (30%~42.7% as of December 31, 2025 and 2024)</li> <li>• Price-to-earnings ratio (11.69 as of December 31, 2025)</li> </ul>	<ul style="list-style-type: none"> <li>• The estimated fair value would increase (decrease) if the ratio were higher (lower).</li> <li>• The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).</li> <li>• The estimated fair value would increase (decrease) if the price to- earnings ratio were higher (lower).</li> </ul>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Year-on-year ratio (3.88% and 4.25% as of December 31, 2025 and 2024, respectively)</li> <li>• Weighted average capital cost (9.40% and 8.36% as of December 31, 2025 and 2024, respectively)</li> <li>• Market illiquidity discount rate (15.60% as of December 31, 2025 and 2024)</li> <li>• Non-controlling interests discount (25.00% and 24.90% as of December 31, 2025 and 2024, respectively)</li> </ul>	<ul style="list-style-type: none"> <li>• The estimated fair value would increase if the year-on-year percentage increased.</li> <li>• The estimated fair value would increase if the weighted average capital cost decreased.</li> <li>• The estimated fair value would increase if the Market illiquidity discount rate was lower.</li> <li>• The estimated fair value would increase if the Non-controlling interests</li> </ul>

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

discount was lower.

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

The Group'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 in inputs	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
<b>December 31, 2025</b>						
Financial assets at fair value through profit or loss						
Equity investments without an active market	The multiplier of price-to-book ratio	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%	-	-	6,391	(6,391)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	55,599	(55,599)
Equity investments without an active market	Weighted average capital cost	5%	-	-	2,145	(2,145)
Equity investments without an active market	Non-controlling interests discount	5%	-	-	30,426	(30,426)
<b>December 31, 2024</b>						
Financial assets at fair value through profit or loss						
Equity investments without an active market	The multiplier of price-to-book ratio	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%	-	-	7,494	(7,494)
Equity investments without an active market	Market illiquidity discount	5%	-	-	56,560	(56,560)
Equity investments without an active market	Weighted average capital cost	5%	-	-	1,804	(1,804)
Equity investments without an active market	Non-controlling interests discount	5%	-	-	28,737	(28,737)

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.

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

## (29) Financial risk management

## (i) Overview

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

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

The following discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated 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 Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group'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 Group 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 Group has a dispersed pattern of its list of sales customers, and 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 Group continues to evaluating the financial ability of its customers, obtain the necessary collateral and carrying out aggregate or individual evaluation for the accounts receivable based on different properties of credit risk and impairment indication.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Investments

The Group deposits cash in different financial institutions and only deals with financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. The Group 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 Group's policy is to provide financial guarantees to subsidiaries which be held more than 50% of the voting rights. As of December 31, 2025 and 2024, there were no guarantees provided.

#### (iv) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The Group's financial department continues to monitor cash flow requirements and use various information to forecast and monitor the cash flow components in the long and short term to ensure its liquidity is sufficient for the settlement of expiring liabilities. As of December 31, 2025 and 2024, the Group's short-term and long-term unused credit line amounted to \$20,563,038 thousand and \$18,211,636 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 Group'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 optimizing the return.

The Group 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 Group 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 Group's entities. Therefore, the Group 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 Group to reduce but not to remove the impact on the fluctuation in exchange rates.

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

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

exchange contracts.

2) Interest rate risk

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

3) Other market price risk

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

(30) Capital management

The Group'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 Group 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 Group 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 Group'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 Group's debt-to-equity ratio on reporting date is as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Total liabilities	\$ 54,836,012	39,671,812
Less: cash and cash equivalents	(10,795,600)	(10,296,462)
Net debt	44,040,412	29,375,350
Total equity	42,302,178	28,585,337
Total capital	<b>\$ 86,342,590</b>	<b>57,960,687</b>
Debt-to-equity ratio	<b>51%</b>	<b>51%</b>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**(7) Related-party transactions**

(a) Names and relationship with related parties

The followings are entities that have had transactions with related parties and the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wu, Ching-Yuan	The Chairman of the Company
Zoeng Chang Industry Co., Ltd.	An associate
Yangzhou Tairun Hotel, Ltd.	An associate
Taiwan Tea Corporation (Note3)	An associate
He Xu International Co.,Ltd	An associate
King Zone Corporation	Other related parties
Astemo Taichung Co., Ltd. (Note1)	Other related parties
Zhen Ding Development Co., Ltd.	Other related parties
Sanyang Educational Foundation	Other related parties
Jiu Xing Biotech Co., Ltd.	Other related parties
Wei Yi Development and Construction Co., Ltd.	Other related parties
Huang Yu Chang	Other related parties
Rui Yuan Technology Co., Ltd.	Other related parties
Xiamen ITG Industrial Park Co., Ltd. (Note2)	Other related parties
San Xin Development Consultant Co., Ltd.	Other related parties

Note1 : Hitachi Astemo Taichung Co., Ltd. was renamed to Astemo Taichung Co., Ltd. on April 2, 2025, upon the approval of MOEA.

Note2 : Xiamen CCRE Industry Park Development Co., Ltd was renamed to Xiamen ITG Industrial Park Co., Ltd. on May 30, 2025, upon the approval of State Administration for Market Regulation.

Note3 : As TTC became a subsidiary of the consolidated company on June 18, 2025, and related party transactions are disclosed as of that date.

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

(b) Significant transactions with related parties

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

Significant sales, technical and consulting services provided to related parties and unpaid balances were as follows:

	<u>Sales</u>		<u>Receivables from related parties</u>	
	<u>For the years ended December 31</u>		<u>December 31,</u>	<u>December 31,</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Associates	\$ 7,709	7,566	373	469
Other related parties	1,946	3,610	167	99
	<u>\$ 9,655</u>	<u>11,176</u>	<u>540</u>	<u>568</u>

There was no significant difference between the selling prices and transaction terms for related parties and those for the ordinary courses. The credit terms ordinarily ranged from 30 days or cash sale. While the pricing standards of technical service provided for related parties were not comparable, since there were no similar transactions with non-related parties. Receivables from related parties were uncollateralized, and no expected allowance were required after the assessment by the management.

(ii) Purchases

The amounts of purchases by the Group from related parties and accounts payable were as follows:

	<u>Purchases</u>		<u>Payables to Related Parties</u>	
	<u>For the years ended December 31</u>		<u>December 31,</u>	<u>December 31,</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Associates	\$ 306,705	304,439	30,116	40,378
Other related parties	956,650	975,473	126,533	123,819
	<u>\$ 1,263,355</u>	<u>1,279,912</u>	<u>156,649</u>	<u>164,197</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were not different from the payment terms given by other vendors.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(iii) Property transactions

- 1) Machinery equipment acquired and sundry purchases from related parties were as follows:

	<u>Objects</u>	<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Chairman of the company	Investment property-buildings	\$ 28,200	-
Associates	molds	908	3,522
Other related parties	Molds and Construction in progress	2,731	2,021
		<u>\$ 31,839</u>	<u>5,543</u>

- 2) In September 2024, the group participated in the subscription of 228 thousand shares of Jiu Xing Biotech Co., Ltd. at subscription price of \$10 per share with a total amount of \$2,280 thousand.
- 3) In October 2024, the group participated in the subscription of 1,500 thousand shares of HeXu International Co.,Ltd. at subscription price of \$10 per share with a total amount of \$15,000 thousand.

(iv) Leases

1)Leasing to related parties

Rental income

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Associates	\$ 446	894
Other related parties	29	29
	<u>\$ 475</u>	<u>923</u>

Guarantee deposits received

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Associates	<u>\$ 2,100</u>	<u>210</u>

The Group signs leasing contracts with reference to the market conditions in nearby areas, and charges according to the method agreed upon in the contract between the two parties.

2)Leasing from related parties

Right-of-use assets

<u>For the years ended December 31</u>	
<u>2025</u>	<u>2024</u>

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
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	\$	89,367
Other related parties	-	
<u>Lease liabilities</u>		
	December 31, 2025	December 31, 2024
Other related parties	\$ 89,762	89,695
<u>Refundable deposits</u>		
	December 31, 2025	December 31, 2024
Other related parties	\$ 1,000	-
<u>Interest expense</u>		
	For the years ended December 31 2025	2024
Other related parties	\$ 1,993	328

The Group signs leasing contracts with reference to the market conditions in nearby areas, and charges according to the method agreed upon in the contract between the two parties.

(v) Other

1) Service received

	<b>For the years ended December 31</b>	
	2025	2024
<u>Consulting and other expenses</u>		
Associates	\$ 20,663	28,803
Other related parties	60,083	8,071
	\$ 80,746	36,874
<u>Consulting, commission and other revenues</u>		
Associates	\$ 521	800
Other related parties	930	260
	\$ 1,451	1,060

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

2) Other receivables and Prepayments

Other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associates	\$ 2,621	2,621
Other related parties	249	836
	<u>\$ 2,870</u>	<u>3,457</u>

Prepayments

Other related parties	<u>\$ 30,952</u>	<u>32,738</u>
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3) Loans to related parties

The loans to related parties were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associates-Yangzhou Tairun Hotel, Ltd.	<u>\$ 269,880</u>	<u>268,560</u>

The interest charged by the Group to related parties was not lower than the average interest rate of the Group's deposits in bank. The interest income of the group for the years ended December 31, 2025 and 2024 was \$6,245 thousand and \$6,429 thousand, respectively. The group has obtained a pledge of the real estate of Yangzhou Tairun Hotel, Ltd. with a value of RMB160,000 thousand as collateral in 2025 and 2024 and no allowance for loss was required after the assessment.

4) Accrued expenses

Accrued expenses

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associates	\$ 378	386
Other related parties(Note)	36,050	100,000
	<u>\$ 36,428</u>	<u>100,386</u>

Note: In accordance with the Board resolution as of December 18, 2024, the Group 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" in 2024.

5) Others

A. Shan Young was involved in the Phase II Land Readjustment Project, in Guang-Pu, East District, Hsinchu City. Please refer to Note 6(5) for transactions with related

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parties in accordance with the Readjusting Rules. The area of public facilities allocated and the burden ratio of relevant expenditures were determined according to the calculation approved by the Hsinchu City Government, which was same as other landowners.

B. The related transaction about Shan Young to organize a group by themselves for the purpose of implementing urban land consolidation in Shuangyuan Section, Baoshan Township ,please refer to the Note 6(5). The area of lands to be given in by owners for public uses and to meet the expenses for engineering work and land consolidation and the interest of loan shall be approved by the competent authorities, which was same as other landowners.

(c) Key management personnel compensation

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	<b>\$ 146,671</b>	<b>150,592</b>

#### (8) Pledged assets

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

<b>Assets</b>	<b>Items being guaranteed</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Notes and accounts receivable and Long term lease receivables	Financing guarantee credit	\$ 285,818	296,501
Inventories (for construction business)	"	1,372,365	-
Current other financial assets	Bank borrowing, bank Guarantee, warranty deposit, and security deposit, etc.	5,719,467	5,756,949
Non-current other financial assets	Customs duty guarantee , gas company deposit and deposits of lease, etc.	25,838	15,363
Property, plant and equipment	Financing guarantee credit	15,557,996	9,441,624
Right-of-use assets	"	73,224	-
Investment property	"	10,039,672	2,889,052
Total		<b>\$ 33,074,380</b>	<b>18,399,489</b>

#### (9) Significant commitments and contingencies

(a) Significant unrecognized contractual commitments

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
USD	<b>USD 59,113</b>	<b>60,780</b>

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**Notes to the Consolidated Financial Statements**

JPY	JPY     -	45,560
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- (ii) The information related to the performance guarantees requested by the Group from banks is as follows:

	December 31, 2025	December 31, 2024
Bank Guarantee	\$        86,286	-

- (iii) The unpaid balance of signed contracts of construction in progress and equipments, etc.:

	December 31, 2025	December 31, 2024
Unpaid balance	\$        1,435,457	998,335

- (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

- (v) In 2024, the Group entered into a joint-construction and separate sale agreement with Fuyu Construction Co., Ltd. and Shengyu Construction Co., Ltd. to jointly construct a building on the Group's land in the Taini Section in Zhudong Township, Hsinchu County. The total contract amount was NT\$890,505 thousand, and a real estate development trust was established in November 2024.

**(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 were 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.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

- (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).

**(12) Other:**

- (a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the years ended December 31					
		2025			2024		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		\$ 2,793,348	3,256,040	6,049,388	2,658,826	3,151,619	5,810,445
Labor and health insurance		219,996	286,983	506,979	205,486	278,751	484,237
Pension		51,368	108,905	160,273	51,284	107,757	159,041
Others		165,745	188,053	353,798	165,093	182,734	347,827
Depreciation		1,044,890	614,873	1,659,763	859,861	590,060	1,449,921
Amortization		15,600	40,400	56,000	10,680	31,876	42,556

Note: The retirement fund of zero and \$748 thousand were settled, respectively as of 2025 and 2024, which were not paid by the labor pension reserve account of the group in the Bank of Taiwan and was recognized as operating expense.

(Continued)

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

**(13) Other disclosures:****(a) 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 Group:

**(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, Ltd.	Other receivables	Y	157,430 (CNY 35,000)	112,450 (CNY 25,000)	112,450 (CNY 25,000)	2.50%	Short-term financing	-	Business operation	-	Property	179,920 (CNY 40,000)	323,656 (CNY 71,956)	323,656 (CNY 71,956)
2	Sanyang Global	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	112,450 (CNY 25,000)	44,980 (CNY 10,000)	44,980 (CNY 10,000)	2.50%	Short-term financing	-	Business operation	-	Property	134,940 (CNY 30,000)	253,922 (CNY 56,452)	253,922 (CNY 56,452)
3	Nova Shanghai	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	112,450 (CNY 25,000)	112,450 (CNY 25,000)	112,450 (CNY 25,000)	2.50%	Short-term financing	-	Business operation	-	Property	404,820 (CNY 90,000)	124,775 (CNY 27,740)	124,775 (CNY 27,740)
4	Dinh Duong	VMEP	Other receivables	Y	82,440 (VND 68,700,000)	82,440 (VND 68,700,000)	6,000 (VND 5,000,000)	5.60%	Short-term financing	-	Business operation	-	-	-	82,821 (VND 69,017,199)	82,821 (VND 69,017,199)
5	VCFP	VMEP	Other receivables	Y	51,600 (VND 43,000,000)	51,600 (VND 43,000,000)	42,000 (VND 35,000,000)	5.60%	Short-term financing	-	Business operation	-	-	-	63,336 (VND 52,780,094)	63,336 (VND 52,780,094)

Note 1: The numbering method is as follows:

(1) “0” represents the parent company.

(2) Subsidiaries 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 Sanyang Global.

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: Intra company transactions have been eliminated in the consolidated financial statements.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated 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 endorsements/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	Property pledged for guarantees and endorsements (Amount)	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 endorsements/guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China
		Name	Relationship (Note 8)										
0	Sanyang Motor	VMEP	2	26,317,859	1,257,000 (USD 40,000)	-	-	-	- %	26,317,859	Y	N	N
0	Sanyang Motor	Aph ePower	2	26,317,859	3,000,000	3,000,000	-	-	11.40%	26,317,859	Y	N	N
1	Shan Young	Sanyang Motor	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 (USD 26,500)	7.13%	11,224,943	N	N	N
2	SYI	Ching Ta	4	2,631,786	500,000	500,000	67,500	73,849 (USD 2,350)	4.45%	2,631,786	N	N	N
2	SYI	Sanyang Motor	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 (CNY 525,000) (USD 18,700)	84.73%	4,130,953	N	N	N
4	TBM BVI	TBM	3	167,336	30,000	30,000	-	33,939 (USD 1,080)	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 Sanyang Motor, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed the equity of Sanyang Motor. 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 the total endorsements/ guarantees provided shall not exceed 10% of the equity of Sanyang Motor; the total endorsements/guarantees of the Group provided to a single party and ceiling on the total endorsements/guarantees provided shall not exceed 150% of the equity of Sanyang Motor for the recent year.

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 total amount of business transactions or the total amount of contracts signed with the endorser/ guarantor for the recent year, whichever is higher.

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 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 net worth.

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 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 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 net worth.

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 endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its equity.

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.

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

(iii) Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of NTD/In thousands of shares)

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Maximum Percentage of ownership	Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value		
Sanyang Motor	Equity-Astemo Taichung Co., Ltd.	Other related parties	Note1	5,339	120,498	19.94%	120,498	19.94%	
Sanyang Motor	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	1,500	77,700	25.00%	77,700	25.00%	
Sanyang Motor	Equity-Grand Pacific Petrochemical Corporation	-	Note1	8,091	95,074	0.72%	95,074	0.72%	
Sanyang Motor	Equity-Apex Biotechnology Corporation	Other related parties	Note1	16,432	500,354	16.44%	500,354	16.44%	
Shan Young	Equity-Grand Pacific Petrochemical Corporation	-	Note1	8,209	96,453	0.73%	96,453	0.73%	
Nanyang	Equity-Sanyang Motor	Parent company	Note1	4,351	267,148	0.55%	267,148	0.55%	
Nanyang	Equity-Grand Pacific Petrochemical Corporation	-	Note1	7,974	93,696	0.71%	93,696	0.71%	
Ching Ta	Equity-Sanyang Motor	Parent company	Note1	981	60,264	0.12%	60,264	0.12%	
Ching Ta	Equity-Xu Mao Investment Co., Ltd.	-	Note1	3,781	167,623	25.21%	167,623	25.21%	
Ching Ta	Equity-Gold Yu Co., Ltd.	-	Note1	3,000	64,380	5.56%	64,380	5.56%	
Ching Ta	Equity-Grand Pacific Petrochemical Corporation	-	Note1	7,835	92,057	0.70%	92,057	0.70%	
Ching Ta	Equity-Ascendax Venture Capital Corporation	Other related parties	Note1	6,666	95,570	11.11%	95,570	11.11%	
Ching Ta	Equity-NUWA Biomedical Inc.	-	Note1	500	52,500	1.43%	52,500	1.43%	
Sanyang Global	Equity-Shang Guang (Shanghai) Investment Ltd.	-	Note1	1,519	476,314	6.76%	476,314	6.76%	

Note1 : Financial assets at fair value through other comprehensive income.

Note2 : The balance stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD31.4250 ; CNY1=NTD4.4980

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

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (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	Relationship	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	
Sanyang Motor	Nanyang	Note 2	Sales	(14,326,744)	(31)%	8 billion in credit and payment received right after shipment	-	-	20,242	1 %
Sanyang Motor	Chu-Yang	Note 2	Sales	(282,088)	(1)%	Guarantee deposit 25,000 thousand and payment received in 2 days on a weekly settlement base	-	-	-	- %
Sanyang Motor	SIT	Note 2	Sales	(1,575,376)	(3)%	Payment received 240 days after shipment	-	-	828,305	36 %
Sanyang Motor	SDE	Note 2	Sales	(169,023)	- %	Payment received 180 days after shipment	-	-	73,178	3 %
Sanyang Motor	Xia Shing Motor	Note 2	Sales	(509,920)	(1)%	Payment received 45 days after shipment of service parts, and payment received 30 days after shipment of other parts or goods	-	-	29,460	1 %
Sanyang Motor	Jau Ryh	Note 2	Sales	(348,571)	(1)%	Payment received 3 days after shipment	-	-	3,361	- %
Sanyang Motor	VMEPH	Note 2	Sales	(264,940)	(1)%	Payment received 60 days after shipment	Note 5	Note 5	78,361	3 %
Sanyang Motor	SCB	Note 2	Sales	(355,238)	(1)%	Payment received 270 days after shipment	-	-	245,693	11 %
Sanyang Motor	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)%
Sanyang Motor	TBM	Note 2	Purchases	633,314	2 %	Payment paid 45 days after acceptance	Note 5	Note 5	(78,954)	(2)%
Sanyang Motor	Youth Taisun Youth Taisun	Note 2	Purchases	400,900	1 %	Payment paid 45 days after acceptance	-	-	(53,392)	(2)%
Sanyang Motor	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)%
Sanyang Motor	Astemo Taichung Co., Ltd.	Note 4	Purchases	876,808	3 %	Payment paid 45 days after acceptance	Note 5	Note 5	(115,546)	(4)%
Sanyang Motor	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 3-7days after shipment	-	-	18,282	9 %
Nanyang	Sanyang Motor	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 paid 50 days on a monthly settlement base	Note 5	Note 5	(28,746)	(11)%
Chu-Yang	Sanyang Motor	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	Sanyang Motor	Note 1	Purchases	1,575,376	98 %	Payment paid 240 days after shipment	Note 5	Note 5	(828,305)	(86)%
SDE	Sanyang Motor	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 on a monthly settlement base	Note 5	Note 5	29,207	35 %
Xia Shing Trading	Xia Shing Motor	Note 1	Purchases	2,709,175	91 %	Payment paid 120 days on a monthly settlement base	Note 5	Note 5	-	- %

(Continued)

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

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases /Sales	Amount	Percentage of total purchases/sales	Credit terms	Name of purchaser/seller	Counter-party	Ending balance	Percentage of total notes/accounts receivable (payable)	
Xia Shing Motor	Sanyang Motor	Note 1	Sales	(3,862,495)	(33)%	The payment for goods before the 15th of the previous month is received 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 on a monthly settlement base	Note 5	Note 5	-	- %	
Xia Shing Motor	VMEPH	Note 3	Sales	(283,330)	(2)%	Payment received 120 days on a monthly settlement base	Note 5	Note 5	106,731	10 %	
Xia Shing Motor	Chin Zong	Note 3	Sales	(200,912)	(2)%	Payment received 120 days on a monthly settlement base	Note 5	Note 5	-	- %	
Xia Shing Motor	Sanyang Motor	Note 1	Purchases	509,920	6 %	Payment paid 45 days after shipment of service parts, and payment paid 30 days after shipment of other parts or goods	Note 5	Note 5	(29,460)	(2)%	
Xia Shing Motor	XTBM	Note 3	Purchases	272,544	3 %	Payment paid 30 days on a monthly settlement base	Note 5	Note 5	(21,565)	(2)%	
Xia Shing Motor	SCK	Note 3	Purchases	480,827	5 %	Payment paid 30 days on a monthly settlement base	-	-	(17,162)	(1)%	
TBM	Sanyang Motor	Note 1	Sales	(633,314)	(91)%	Payment received 45 days after acceptance	Note 5	Note 5	78,954	94 %	
Youth Taisun	Sanyang Motor	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	Sanyang Motor	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 3-7days after shipment	Note 5	Note 5	(18,282)	(75)%	
VMEP	Sanyang Motor	Note 1	Sales	(442,326)	(26)%	The payment for goods before the 15th of the previous month is received 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 in December, 120 days in other months.	Note 5	Note 5	(47,897)	(37)%	
Nova Design	Sanyang Motor	Note 1	Sales	(105,021)	(82)%	Payment received 30 days after acceptance	-	-	16,213	92 %	
Sanyang Global	VMEP	Note 3	Sales	(458,536)	(77)%	Payment received 60 days after shipment in December, 120 days in other months.	Note 5	Note 5	47,897	93 %	
Sanyang Global	Xia Shing Trading	Note 3	Purchases	421,152	70 %	Payment paid 120 days on a monthly settlement base	Note 5	Note 5	(29,207)	(48)%	
XTBM	Xia Shing Motor	Note 3	Sales	(272,544)	(87)%	Payment received 30 days on a monthly settlement base	Note 5	Note 5	21,565	88 %	
VMEPH	Sanyang Motor	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 on a monthly settlement base	Note 5	Note 5	(106,731)	(57)%	
Shian Yang	Nanyang	Note 1	Sales	(138,686)	(31)%	Payment received 50 days on a monthly settlement base	Note 5	Note 5	28,746	31 %	
SCK	Xia Shing Motor	Note 3	Sales	(480,827)	(81)%	Payment received 30 days on a monthly settlement base	-	-	17,162	82 %	
SCB	Sanyang Motor	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 on a monthly settlement base	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: Juristic – person director of the counter party.

Note 5: No ordinary transaction can be compare to.

(Continued)

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

(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		
Sanyang Motor	SIT	Subsidiaries	828,305 (EUR 22,453)	2.12	-		114,905 (EUR 3,115)	-
Sanyang Motor	SCB	Subsidiaries	245,693 (USD 7,818)	2.19	-		43,096 (USD 1,371)	-
Xia Shing Motor	Sanyang Motor	The parent company of the Group	296,426 (USD 9,433)	12.28	-		247,315 (USD 7,870)	-
Xia Shing Motor	VMEPH	Affiliate	106,731 (USD 3,396)	5.31	2,453 (USD 78)	Informed	37,723 (USD 1,200)	-
SCK	Yangzhou Tairun Hotel, Ltd	An associate	112,450 (CNY 25,000)	N/A	-		-	-
Nova Shanghai	Yangzhou Tairun Hotel, Ltd	An associate	112,450 (CNY 25,000)	N/A	-		-	-

(vi) Business relationships and significant intercompany transactions:

(In thousands of NTD)

No.	Name of company	Counter-party	Relationship	Intercompany transaction			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Sanyang Motor	Xia Shing Motor	1	Accounts payable to related parties	296,426	Note 3	0.31%
0	Sanyang Motor	SIT	1	Accounts receivable from related parties	828,305	Note 3	0.85%
0	Sanyang Motor	SCB	1	Accounts receivable from related parties	245,693	Note 3	0.25%
0	Sanyang Motor	Nanyang	1	Sales revenue	14,326,744	Note 3	22.87%
0	Sanyang Motor	Chu-Yang	1	Sales revenue	282,088	Note 3	0.45%
0	Sanyang Motor	SIT	1	Sales revenue	1,575,376	Note 3	2.52%
0	Sanyang Motor	SDE	1	Sales revenue	169,023	Note 3	0.27%
0	Sanyang Motor	Xia Shing Motor	1	Sales revenue	509,920	Note 3	0.81%
0	Sanyang Motor	Jau Ryh	1	Sales revenue	348,571	Note 3	0.56%
0	Sanyang Motor	VMEPH	1	Sales revenue	264,940	Note 3	0.42%
0	Sanyang Motor	SCB	1	Sales revenue	355,238	Note 3	0.57%
0	Sanyang Motor	Xia Shing Motor	1	Cost of goods sold	3,862,495	Note 3	6.17%
0	Sanyang Motor	TBM	1	Cost of goods sold	633,314	Note 3	1.01%
0	Sanyang Motor	Youth Taisun	1	Cost of goods sold	400,900	Note 3	0.64%
0	Sanyang Motor	VMEP	1	Cost of goods sold	442,326	Note 3	0.71%
1	Nanyang	Sunshine Auto-Lease	1	Sales revenue	452,706	Note 3	0.72%
1	Nanyang	Jau Ryh	1	Sales revenue	301,131	Note 3	0.48%
1	Nanyang	Shian Yang	1	Cost of goods sold	138,686	Note 3	0.22%
2	Nova Design	Sanyang Motor	2	Sales revenue	105,021	Note 3	0.17%
3	Xia Shing Motor	VMEPH	3	Accounts receivable from related parties	106,731	Note 3	0.11%
3	Xia Shing Motor	Xia Shing Trading	1	Sales revenue	2,709,175	Note 3	4.33%
3	Xia Shing Motor	VMEPH	3	Sales revenue	283,330	Note 3	0.45%
3	Xia Shing Motor	Chin Zong	3	Sales revenue	200,912	Note 3	0.32%
3	Xia Shing Motor	XTBM	3	Cost of goods sold	272,544	Note 3	0.44%
3	Xia Shing Motor	SCK	3	Cost of goods sold	480,827	Note 3	0.77%
4	VMEP	Sanyang Global	3	Cost of goods sold	458,536	Note 3	0.73%
5	Sanyang Global	Xia Shing Trading	3	Cost of goods sold	421,152	Note 3	0.67%

Note 1: The numbering method is as follows:

1. "0" represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The Relationship is classified into the following three types:

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

Note 3: Except for terms for transactions uncomparable to ordinary transactions are in accordance with the agreement between both parties, the others are similar to ordinary terms.

Note 4: Intra-group transactions have been eliminated in the consolidated financial statements.

Note 5: Contra-transactions are not disclosed.

(Continued)

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

## (b) 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			Maximum Percentage of ownership	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				
Sanyang Motor	Shan Young	Taiwan	Real estate development and management	4,843,889	4,843,889	771,433	100.00%	8,565,595	100.00%	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	100.00%	15,635	15,635	"
"	Chu-Yang	Taiwan	Sale of scooters and its parts	29,000	29,000	2,900	100.00%	61,337	100.00%	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	89.78%	1,014,430	897,581	"
"	NOVA Design	Taiwan	Product design	195,492	195,492	19,080	100.00%	184,222	100.00%	(20,319)	(20,319)	"
"	Sunshine Auto - Lease	Taiwan	Passenger car rental and leasing	35,178	35,178	9,208	16.27%	110,358	16.27%	34,983	5,692	"
"	Ching Ta	Taiwan	Investment activities	785,609	785,609	125,331	99.66%	1,455,394	99.66%	31,213	28,136	"
"	Profit Source	Samoa	Investment shareholding company	867,759	867,759	-	100.00%	4,130,953	100.00%	51,848	51,848	"
"	SDE	Germany	Sale of scooters and its parts	122,713	122,713	-	100.00%	107,969	100.00%	(396)	(396)	"
"	SYI	Samoa	Investment shareholding company	3,662,936	3,662,936	-	100.00%	11,224,943	100.00%	1,329,901	1,329,901	"
"	SIT	Italy	Sale of scooters and its parts	179,915	179,915	-	100.00%	331,982	100.00%	49,435	49,435	"
"	APh	Taiwan	Investment shareholding company	3,300,512	2,800,512	238,871	74.18%	2,165,114	74.18%	(221,703)	(177,096)	"
"	SCB	Colombia	Sale of scooters and its parts	91,466	91,466	100	100.00%	39,798	100.00%	61,527	61,527	"
"	Yi Young	Taiwan	Waste disposal	280,000	280,000	28,000	100.00%	280,515	100.00%	421	421	"
"	Chiao Song Health	Taiwan	Senior Citizen Residence	6,000	6,000	600	60.00%	5,774	60.00%	(360)	(217)	"
Shan Young	TT C	Taiwan	Production and marketing of teas and real estate management and development, etc.	3,982,033	3,982,033	223,640	28.31%	4,763,082	28.31%	(126,733)	Disclosure not required	"
"	Vista Hill Environmental	Taiwan	Waste disposal	95,928	95,928	9,593	70.95%	96,298	70.95%	314	"	"
APh	APh ePower	Taiwan	Development and sale of aluminum battery-related energy products and renewable-energy-based electricity retailing.	3,253,900	2,753,900	321,033	100.00%	2,592,424	100.00%	(221,625)	"	"
TTC	Chiao Song Health	Taiwan	Senior Citizen Residence	4,000	-	400	40.00%	3,850	40.00%	(360)	"	"
"	Chanshuo Co., Ltd.	Taiwan	Other Entertainment and Recreational Services	1,000	-	100	4.35%	1,038	4.35%	810	"	Note 2
Nanyang	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	91,926	91,926	34,792	61.46%	393,289	61.46%	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	100.00%	31,022	"	"
"	Nanyang Insurance Agent	Taiwan	Property insurance agency business	58,271	58,271	4,387	93.31%	82,472	93.31%	18,376	"	"
"	NY Samoa	Samoa	Investment shareholding company	328,517	328,517	-	100.00%	102,307	100.00%	(229)	"	"
"	Jau Ryh	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	64,328	34,328	5,993	100.00%	77,636	100.00%	2,473	"	"
"	Shian Yang	Taiwan	Repair of automobiles and sale of automobile parts	54,375	54,375	4,740	100.00%	151,332	100.00%	77,605	"	"
"	Chuanyang	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	25,000	25,000	2,500	100.00%	25,183	100.00%	202	"	"
NOVA Design	NOVA Samoa	Samoa	Investment shareholding company	86,500	86,500	-	42.30%	65,253	42.30%	(1)	"	"
Ching Ta	TBM	Taiwan	Manufacturing, processing and sale of scooter parts	179,500	179,500	12,868	55.00%	184,069	55.00%	43,644	"	"
"	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	19,680	19,680	11,955	21.12%	143,255	21.12%	34,983	"	"
"	NOVA Samoa	Samoa	Investment shareholding company	113,002	113,002	-	57.70%	89,010	57.70%	(1)	"	"
"	Zoeng Chang Industry Co., Ltd.	Taiwan	Manufacturing, processing and sale of scooter parts	33,200	33,200	9,020	40.00%	333,083	40.00%	15,732	"	Note 2
"	Qing Zhao Investment Co., Ltd.	Taiwan	Investment activities	96,000	96,000	9,600	29.29%	32,366	29.29%	(29,147)	"	"
"	Winner RV Ltd.	Taiwan	Sale, manufacturing and design of recreational vehicle	100,000	100,000	5,000	20.63%	60,927	20.63%	(25,752)	"	"
"	He Xu International Co., Ltd.	Taiwan	Recreational activities venue	45,000	45,000	4,500	30.00%	30,890	30.00%	(22,473)	"	"
"	Chanshuo Co., Ltd.	Taiwan	Other Entertainment and Recreational Services	8,200	8,200	820	35.65%	7,627	35.65%	810	"	"
"	Dynamic Motor Technology	Taiwan	Electronics Components Manufacturing	6,120	6,120	612	51.00%	4,166	51.00%	109	"	Note 1
"	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	32.72%	(11,759)	"	Note 2

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
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Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Maximum Percentage of ownership	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				
Profit Source	Chong Hing	British Virgin Islands	Investment shareholding company	813,216 (USD 25,878 )	813,216 (USD 25,878 )	-	100.00%	4,130,953 (USD131,454 )	100.00%	51,848 (USD1,663 )	Disclosure not required	Note 1
SYI	Cosmos	British Virgin Islands	Investment shareholding company	415,614 (USD 13,226 )	415,614 (USD 13,226 )	-	100.00%	564,220 (USD17,954 )	100.00%	31,836 (USD1,021 )	"	"
"	VMEPH	Cayman Islands	Investment shareholding company	3,110,572 (USD 98,984 )	3,110,572 (USD 98,984 )	608,818	67.07%	1,016,152 (USD32,336 )	67.07%	135,911 (USD4,359 )	"	"
"	New Path	Samoa	Investment shareholding company	289,323 (USD 9,207 )	289,323 (USD 9,207 )	-	100.00%	641,538 (USD20,415 )	100.00%	9,690 (USD311 )	"	"
"	PIL	British Virgin Islands	Investment shareholding company	434,796 (USD13,836 )	434,796 (USD13,836 )	-	100.00%	6,180,526 (USD196,675 )	100.00%	1,078,280 (USD34,584 )	"	"
"	Sun Goal	Samoa	Investment shareholding company	274,366 (USD8,731 )	274,366 (USD8,731 )	-	100.00%	244,928 (USD7,794 )	100.00%	13,820 (USD443 )	"	"
TBM	TBM BVI	British Virgin Islands	Investment shareholding company	147,035	147,035	-	100.00%	166,044	100.00%	17,950	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	23,926	23,926	-	69.00%	37,625	69.00%	4,777	"	"
VMEPH	Chin Zong	Taiwan	Wholesale and retail of scooters and its parts	45,000	45,000	4,500	100.00%	122,073	100.00%	9,387	"	"
"	VMEP	Vietnam	Manufacturing and sale of scooters and its parts	5,214,445 (USD165,933 )	5,214,445 (USD165,933 )	-	100.00%	1,383,167 (USD44,015 )	100.00%	131,621 (USD4,222 )	"	"
VMEP	VCFP	Vietnam	Manufacturing of scooter parts, etc	141,413 (USD4,500 )	141,413 (USD4,500 )	-	100.00%	159,011 (USD5,060 )	100.00%	16,904 (USD542 )	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	14,613 (USD465 )	14,613 (USD465 )	-	31.00%	16,976 (USD540 )	31.00%	4,777 (USD152 )	"	"
"	Dinh Duong	Vietnam	Sale of scooters and real estate development, etc.	226,669 (USD7,213 )	226,669 (USD7,213 )	-	99.94%	207,804 (USD6,613 )	99.94%	5,506 (USD177 )	"	"

Note 1: Subsidiary included in the consolidated financial statements.

Note 2: Associate of the Group.

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

## (c) 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	Maximum 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)	(ii) Note 1 (2)1	434,796 (USD13,836)	-	-	434,796 (USD13,836)	1,406,400 (USD45,108)	76.67%	76.67%	1,078,287 (USD34,584)	6,179,324 (USD196,637)	-
Xia Shing Trading	Retail of scooters and its parts	13,494 (CNY3,000)	(ii) Note 1 (3)1	-	-	-	-	12,236 (CNY2,823)	76.67%	76.67%	Note 2	80,748 (CNY17,952)	-
Xiamen Qungeng	Manufacturing and sale of scooter parts	134,941 (CNY30,000)	(ii) Note 1 (3)1	-	-	-	-	(8,572) (CNY1,977)	39.10%	39.10%	Note 2	49,286 (CNY10,957)	-
SCK	Manufacturing and sale of scooter parts	1,038,282 (USD33,040)	(ii) Note 1 (2)1	729,877 (USD23,226)	-	-	729,877 (USD 23,226)	45,657 (USD1,464)	100.00%	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	(ii) Note 1 (2)1	1,121,935 (USD35,702)	-	-	1,121,935 (USD 35,702)	-	-	-	-	-	550,723 (USD17,525)
Sanyang Global	Scooter parts and molds development and wholesale	282,825 (USD9,000)	(ii) Note 1 (2)1	282,825 (USD9,000)	-	-	282,825 (USD 9,000)	9,440 (USD303)	100.00%	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)	(ii) Note 1(1)	14,204 (USD452)	-	-	14,204 (USD 452)	-	30.00%	30.00%	-	-	-
NOVA Shanghai	Industrial products design	408,598 (USD13,002)	(ii) Note 1 (2)2	361,733 (USD11,511)	-	-	361,733 (USD11,511)	(612) (USD(20))	100.00%	100.00%	(612) (USD(20))	311,939 (USD9,926)	-
XTBM	Manufacturing, processing and sale of scooter parts	138,313 (USD4,401)	(ii) Note 1 (2)3	138,313 (USD4,401)	-	-	138,313 (USD 4,401)	16,655 (USD534)	54.81%	54.81%	9,129 (USD293)	70,560 (USD2,245)	-
GTBM	Manufacturing, processing and sale of scooter parts	Note 1	(ii) Note 1 (2)3	21,935 (USD698)	-	-	21,935 (USD 698)	-	-	-	-	-	-
Su Zhou Hui Ying	Retail of automobiles and its parts	Note 1	(ii) Note 1 (2)4	194,866 (USD6,201)	-	-	194,866 (USD 6,201)	-	-	-	-	-	-
Chang Zhou Nan Yang	Retail of automobile and its parts	127,271 (USD4,050)	(ii) Note 1 (2)4	127,271 (USD4,050)	-	-	127,271 (USD 4,050)	(229) (USD(7))	89.78%	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)	(ii) Note 1 (2)5	157,125 (USD5,000)	-	-	157,125 (USD 5,000)	(659) (USD (21))	29.19%	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)	(ii) Note 1 (2)5	-	-	-	-	(27,865) (USD(894))	29.19%	29.19%	(8,134) (USD(261))	(26,632) (USD(847))	-
Yangzhou Yangrun Property Management Co., Ltd.	Residential estate management, building repairing, and sale of construction materials and daily necessities	2,249 (CNY500)	(ii) Note 1 (2)6	-	-	-	-	-	29.19%	29.19%	-	2,241 (CNY498)	-

Note 1: The following is a list of investments in Mainland China that have been liquidated, divested, or annulled, but the registered investment amounts have not yet been filed to the Investment Commission, MOEA:

- (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 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 on February 10, 2012. The liquidation of Su Zhou Hui Ying 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.

Note 2: (1) The Company does not need to apply to the Investment Commission, MOEA to invests in the company in Mainland China via investee companies in Mainland China.

- (2) The profit for the current period have been recognized through Xia Shing Motor.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
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(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 existing investing company in the 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=NTD 31.4250 ; CNY1=NTD 4.4980

Average exchange rate for the reporting period: USD1=NTD 31.1784 ; CNY1=NTD 4.3351

(iii) Significant transactions:

For the direct or indirect significant transactions between the Group and its investees in Mainland China, which have been eliminated in the consolidated financial statements during the year of 2025, please refer to "Information on significant transaction" .

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

**(14) Segment information:**

(a) General information

The Group has two main reportable segments: domestic segment oversea segment, whose major businesses are manufacturing and selling automobile, scooter and their parts, and providing related technical service and consulting service.

All operating results are submitted for review to the operational decision maker of the Group, and therefore the resources could be distributed properly among segments based on respective performance.

The segment revenues are from external customers, excluding non-operating revenues and investment income or losses.

The segment profits or losses are the remaining amount after segment revenues minus costs and expenses, which are related to revenues generation. If the costs and expenses are not directly attributable, they should be allocated among segments proportionately to respective operating revenues.

(b) Information on reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation are as follows:

<b>For the year ended December 31, 2025</b>	<b>Domestic segment</b>	<b>Oversea segment</b>	<b>Other segment</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>Revenues:</b>					
Revenues from external customers	\$ 49,773,666	12,397,659	460,636	-	62,631,961
Intersegment revenues	2,911,394	4,519,656	157,302	(7,588,352)	-
<b>Total revenues</b>	<b>\$ 52,685,060</b>	<b>16,917,315</b>	<b>617,938</b>	<b>(7,588,352)</b>	<b>62,631,961</b>
Interest expenses	\$ 356,315	70,980	149,758	-	577,053
Depreciation and amortization	1,340,587	196,494	178,682	-	1,715,763
<b>Reportable segment profit or loss</b>	<b>\$ 5,620,824</b>	<b>2,082,658</b>	<b>610,608</b>	<b>(2,139,606)</b>	<b>6,174,484</b>
Investments accounted for using the equity method	\$ -	-	502,038	-	502,038
Capital expenditure	1,678,646	627,657	8,232	-	2,314,535
<b>Reportable segment assets</b>	<b>\$ 66,276,169</b>	<b>22,350,541</b>	<b>40,110,766</b>	<b>(31,599,286)</b>	<b>97,138,190</b>
<b>Reportable segment liabilities</b>	<b>\$ 31,997,045</b>	<b>18,127,458</b>	<b>4,696,223</b>	<b>15,286</b>	<b>54,836,012</b>

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
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<b>For the year ended December 31, 2024</b>	<b>Domestic segment</b>	<b>Oversea segment</b>	<b>Other segment</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>Revenues:</b>					
Revenues from external customers	\$ 54,585,407	10,885,362	153,775	-	65,624,544
Intersegment revenues	2,010,705	5,028,009	185,363	(7,224,077)	-
<b>Total revenues</b>	<b>\$ 56,596,112</b>	<b>15,913,371</b>	<b>339,138</b>	<b>(7,224,077)</b>	<b>65,624,544</b>
Interest expenses	\$ 285,480	70,073	75,726	-	431,279
Depreciation and amortization	1,179,896	181,018	131,563	-	1,492,477
<b>Reportable segment profit or loss</b>	<b>\$ 6,067,921</b>	<b>1,677,522</b>	<b>48,936</b>	<b>(1,318,579)</b>	<b>6,475,800</b>
Investments accounted for using the equity method	\$ -	-	4,584,545	-	4,584,545
Capital expenditure	3,576,655	159,846	236,213	-	3,972,714
<b>Reportable segment assets</b>	<b>\$ 61,430,717</b>	<b>19,964,491</b>	<b>18,127,464</b>	<b>(31,265,523)</b>	<b>68,257,149</b>
<b>Reportable segment liabilities</b>	<b>\$ 29,396,195</b>	<b>5,969,946</b>	<b>4,253,721</b>	<b>51,950</b>	<b>39,671,812</b>

(c) Geographic information

In presenting information on the basis of geography, segment revenues are based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

<b>Geographical information</b>	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenues from external customers:</b>		
Taiwan	\$ 45,540,301	48,895,396
Mainland China	3,014,457	3,675,855
Asia	5,881,618	5,767,391
Europe	4,979,497	5,192,235
Others	3,216,088	2,093,667
<b>Total</b>	<b>\$ 62,631,961</b>	<b>65,624,544</b>
<b>Non-current assets:</b>		
Taiwan	\$ 48,990,011	22,072,800
Mainland China	1,365,557	914,359
Vietnam	185,610	277,560
Others	17,132	9,939
<b>Total</b>	<b>\$ 50,558,310</b>	<b>23,274,658</b>

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

(d) Major customers

The revenues contributed by major customers amounted to 10% of the Group's consolidated revenues in the year of 2025 and 2024 : None.