

YUNG CHI PAINT & VARNISH MFG. CO., LTD

PARENT COMPANY ONLY FINANCIAL STATEMENTS WITH REPORT OF INDEPENDENT AUDITORS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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§Table of Contents§

Item	Page No.	Note in Financial Report
I Cover Page	1	-
II Table of Contents	2	-
III Independent Auditors' Report	3~7	-
IV Balance Sheet	8	-
V Statement of Comprehensive Income	9	-
VI Statement of Changes in Equity	10	-
VI Statement of Cash Flows	11~12	-
VIII Notes to the Parent Company Only Financial Statements		
(I) Company history	13	I
(II) Date and procedures of approval of the financial statements	13	II
(III) Date and procedures of approval of the financial statements	13~16	III
(IV) Summary of significant accounting policies	16~34	IV
(V) Significant accounting judgments, estimates and main uncertainty assumptions	34~35	V
(VI) Details of significant accounts	35~68	VI~XXVI
(VII) Related party transactions	68~72	XXVII
(VIII) Pledged and Mortgaged assets	72	XXVIII
(IX) Significant contingent liabilities and unrecognized contractual commitments	72~73	XXIX
(X) Significant Disaster Loss	-	-
(XI) Significant events after the balance sheet date	73	XXX
(XII) Significant assets and liabilities denominated in foreign currencies	73~74	XXXI
(XIII) Supplementary disclosures		
1. Information on significant transactions	74	XXXII
2. Related information on investees	74	XXXII
3. Information on Investments in Mainland China	74~76	XXXII
(XIV) Segment information	76	XXXIII
IX The Contents of Statements of Major Accountings Item	84~104	-

Independent Auditors' Report

To YUNG CHI PAINT & VARNISH MFG. CO., LTD:

Audit opinion

We have audited the parent company only balance sheet of YUNG CHI PAINT & VARNISH MFG. CO., LTD (YUNG CHI) as of December 31, 2025 and 2024, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only statement of cash flows for the period from January 1 through December 31, 2025 and 2024, and the notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion, the parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the financial position of YUNG CHI as of December 31, 2025 and 2024, and its parent company only financial performance and cash flows for the period from January 1 through December 31, 2025 and 2024.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We were independent of YUNG CHI in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and fulfilled all other responsibilities thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of utmost significance in our audit of the parent company only financial statements of YUNG CHI

for the year ended December 31, 2025. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these issues.

Key audit matters for the parent company only financial statements of YUNG CHI for the year ended December 31, 2025 are stated as follows:

Revenue recognition

YUNG CHI mainly engages in manufacture and sale of paints and coating materials and the undertaking of painting projects, of which the manufacture and sale of paints and coating materials accounts up to 90% of annual sales. Since revenue recognition is something whose default setting carries significant risks, and which fluctuates along with market demand changes and is of concern to users of the financial statements, we have identified the revenue from specific customers and the sale of specific paints and coating materials as the key audit matter. For the accounting policy regarding sales revenue, see Note 4 of this parent company only financial statements.

We also performed the following key audit procedures:

- I. Understood and tested the design of the internal control over the sales cycle, as well as the effectiveness of implementation thereof.
- II. Checked relevant documents to see whether the control over products has indeed transferred and performance obligations fulfilled; tested the collection cycle to see whether revenues have indeed occurred.
- III. Examined significant sales return after the reporting date to verify the authenticity of sales revenue recognized before the balance sheet date.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the ability of YUNG CHI 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 YUNG CHI 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 YUNG CHI's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 auditing standards will always detect a material misstatement when it exists in these parent company only financial statements. Misstatements can arise from fraud or error. They 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 standalone financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following tasks:

- I. Identify and assess the risks of material misstatement of the standalone 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.
- II. 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 internal control of YUNG CHI.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by

management.

- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of YUNG CHI to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 auditor's report. However, future events or conditions may cause YUNG CHI to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether or not the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities of YUNG CHI to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit of YUNG CHI. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of YUNG CHI for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor’s 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.

Deloitte & Touche Taiwan

CPA: Hsu Jui-Hsuan

CPA: Liu Yu-Shiang

Serial number of the official approval
letter from the Financial Supervisory
Commission

Jin-Guan-Zheng-Shen-Zi #1020025513

Serial number of the official approval
letter from the Financial Supervisory
Commission

Jin-Guan-Zheng-Shen-Zi #1050024633

March 12, 2026

Notice to Readers

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

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

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Balance Sheet

As of December 31, 2025 and 2024

Unit: NT\$1,000

Code	Assets	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,100,286	9	\$ 544,790	5
1110	Financial assets at fair value through profit or loss (Notes 4 and 7)	241,151	2	415,223	4
1120	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	338,055	3	385,527	3
1140	Contract assets (Note 21)	190,032	2	131,179	1
1150	Notes receivable, net (Note 9)	283,607	3	217,887	2
1160	Notes receivable - related parties (Notes 9 and 27)	44,378	-	53,996	-
1170	Accounts receivable, net (Note 9)	1,372,355	12	1,433,426	12
1180	Accounts receivable - related parties (Notes 9 and 27)	191,598	2	285,344	3
1200	Other receivables (Note 9)	14,812	-	17,337	-
1210	Other receivables - related parties (Notes 9 and 27)	23,629	-	33,582	-
130X	Inventories (Notes 4 and 10)	1,688,648	14	1,703,577	15
1476	Other financial assets (Note 11 and 28)	20,061	-	23,175	-
1479	Other current assets	89,838	1	108,107	1
11XX	Total Current Assets	<u>5,598,450</u>	<u>48</u>	<u>5,353,150</u>	<u>46</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	30,176	-	29,431	-
1535	Non-current financial assets at amortised cost	100	-	-	-
1550	Investments accounted for using equity method (Notes 4 and 12)	4,276,976	36	4,331,128	38
1600	Property, plant, and equipment (Notes 4, 13 and 28)	1,554,954	13	1,531,102	13
1755	Right-of-use assets (Notes 4 and 14)	9,331	-	15,832	-
1760	Investment property (Notes 4 and 15)	200,330	2	202,015	2
1780	Intangible assets (Note 4)	2,132	-	2,918	-
1840	Deferred income tax assets (Note 23)	39,207	-	40,835	-
1915	Equipment prepayments	41,862	-	45,120	1
1920	Guarantee deposits paid	17,070	-	17,689	-
1975	Net defined benefit assets (Notes 4 and 19)	52,735	1	22,662	-
1980	Other financial assets (Notes 11 and 28)	8,400	-	400	-
15XX	Total Non-current Assets	<u>6,233,273</u>	<u>52</u>	<u>6,239,132</u>	<u>54</u>
1XXX	Total Assets	<u>\$ 11,831,723</u>	<u>100</u>	<u>\$ 11,592,282</u>	<u>100</u>
	Liabilities and Stockholders' Equity				
	Current liabilities				
2100	Short-term borrowings (Notes 16, 27, and 28)	\$ 5,386	-	\$ 8,259	-
2130	Contract liabilities (Note 21)	60,911	1	53,121	1
2150	Notes payable	25,955	-	27,592	-
2170	Accounts payable (Note 27)	594,660	5	593,852	5
2200	Other payables (Notes 17 and 27)	341,893	3	347,315	3
2230	Current income tax liabilities (Note 23)	147,601	1	137,252	1
2280	Lease liability (Notes 4, 14, and 27)	8,398	-	7,912	-
2365	Refund liabilities	44,604	-	46,467	-
2399	Other current liabilities	5,164	-	3,739	-
21XX	Total Current Liabilities	<u>1,234,572</u>	<u>10</u>	<u>1,225,509</u>	<u>10</u>
	Non-current liabilities				
2550	Provisions (Notes 4 and 18)	7,432	-	5,824	-
2570	Deferred income tax liabilities (Notes 5 and 23)	153,325	1	82,778	1
2580	Lease liability (Notes 4, 14, and 27)	1,078	-	8,059	-
2645	Guarantee deposit received	5,892	-	5,918	-
25XX	Total Non-current Liabilities	<u>167,727</u>	<u>1</u>	<u>102,579</u>	<u>1</u>
2XXX	Total liabilities	<u>1,402,299</u>	<u>11</u>	<u>1,328,088</u>	<u>11</u>
	Equity (Note 20)				
3110	Capital stock	1,620,000	14	1,620,000	14
3200	Capital surplus	109,964	1	109,873	1
	Retained earnings				
3310	Legal reserve	2,170,437	18	2,082,370	18
3320	Special reserve	490,499	4	490,499	4
3350	Unappropriated earnings	6,281,286	54	6,042,330	53
3300	Total retained earnings	<u>8,942,222</u>	<u>76</u>	<u>8,615,199</u>	<u>75</u>
3400	Other equity	(242,762)	(2)	(80,878)	(1)
3XXX	Total stockholders' equity	<u>10,429,424</u>	<u>89</u>	<u>10,264,194</u>	<u>89</u>
3X2X	Total Liabilities and Equity	<u>\$ 11,831,723</u>	<u>100</u>	<u>\$ 11,592,282</u>	<u>100</u>

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

Chairperson: Chang Te-Jen

Manager: Chang Fong-Li

Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Statement of Comprehensive Income

January 1 through December 31, 2025 and 2024

Unit: NT\$1,000, except earnings per share

Code		2025		2024	
		Amount	%	Amount	%
	Operating revenue (Notes 4, 21 and 27)				
4100	Goods sales revenue	\$ 7,089,468	90	\$ 7,073,659	94
4520	Construction revenue	825,100	10	472,919	6
4000	Total operating revenue	<u>7,914,568</u>	<u>100</u>	<u>7,546,578</u>	<u>100</u>
	Operating cost (Notes 10, 19, 22 and 27)				
5110	Sales cost	5,081,291	64	5,216,767	69
5520	Construction cost	778,322	10	421,402	6
5000	Total operating cost	<u>5,859,613</u>	<u>74</u>	<u>5,638,169</u>	<u>75</u>
5900	Operating gross profit	2,054,955	26	1,908,409	25
5910	Realized (Unrealized) gain on sales	(472)	-	(2,891)	-
5950	Gross profit	<u>2,054,483</u>	<u>26</u>	<u>1,905,518</u>	<u>25</u>
	Operating expenses (Notes 9, 19, 22 and 27)				
6100	Marketing expenses	578,571	7	583,870	8
6200	General and administrative expenses	209,775	3	198,227	2
6300	R&D expense	225,554	3	224,423	3
6450	Loss on expected credit impairment	2,256	-	2,720	-
6000	Total operating expenses	<u>1,016,156</u>	<u>13</u>	<u>1,009,240</u>	<u>13</u>
6900	Operating Income	<u>1,038,327</u>	<u>13</u>	<u>896,278</u>	<u>12</u>
	Non-operating income and expenses (Notes 22 and 27)				
7100	Income from interests	5,618	-	8,659	-
7010	Other income	32,054	-	43,145	1
7020	Other gains and losses	3,465	-	32,802	-
7050	Financial cost	(206)	-	(320)	-
7070	Share of profit or loss of associates and subsidiaries accounted for using the equity method (Note 12)	<u>61,477</u>	<u>1</u>	<u>90,852</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>102,408</u>	<u>1</u>	<u>175,138</u>	<u>2</u>
7900	Net profits before tax	1,140,735	14	1,071,416	14
7950	Income tax expenses (Notes 4 and 23)	249,129	3	215,363	3
8200	Net profit in the current year	<u>891,606</u>	<u>11</u>	<u>856,053</u>	<u>11</u>
	Other comprehensive income (Notes 19, 20 and 23)				
8310	Items that will not be reclassified to profit or loss				
8311	Re-measurement of defined benefit plans	23,271	-	30,490	-
8316	Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income	(46,727)	-	(51,925)	-
8330	Share of other comprehensive income of associates and subsidiaries accounted for using equity method	21	-	(18)	-
8349	Income tax expenses related to items that will not be reclassified	(4,654)	-	(6,098)	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences arising in the translation of foreign operations	(115,178)	3	214,233	3
8300	Other comprehensive income (net after tax) for the year	(143,267)	3	186,682	3
8500	Total comprehensive income for the year	<u>\$ 748,339</u>	<u>14</u>	<u>\$ 1,042,735</u>	<u>14</u>
	Earnings per share (Note 24)				
9710	Basic	<u>\$ 5.50</u>		<u>\$ 5.28</u>	
9810	Diluted	<u>\$ 5.49</u>		<u>\$ 5.27</u>	

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

Chairperson: Chang Te-Jen

Manager: Chang Fong-Li

Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD
Statement of Changes in Equity
January 1 through December 31, 2025 and 2024

Unit: NT\$1,000

Code		Capital stock	Capital reserves	Retained earnings			Total	Exchange differences arising in the translation of foreign operations	Other equity	Total	Total stockholders' equity
				Legal reserve	Special reserves	Undistributed earnings			Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income		
A1	Balance as of January 1, 2024	<u>\$1,620,000</u>	<u>\$ 109,430</u>	<u>\$1,999,353</u>	<u>\$ 490,499</u>	<u>\$5,811,676</u>	<u>\$8,301,528</u>	<u>(\$ 340,618)</u>	<u>\$ 97,676</u>	<u>(\$ 242,942)</u>	<u>\$9,788,016</u>
	Earnings allocation and distribution for 2023 (Note 20)										
B1	Legal reserve	-	-	83,017	-	(83,017)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(567,000)	(567,000)	-	-	-	(567,000)
C3	Amount from donation	-	443	-	-	-	-	-	-	-	443
D1	Net profit for 2024	-	-	-	-	856,053	856,053	-	-	-	856,053
D3	Other comprehensive income (loss) after tax for 2024	-	-	-	-	24,392	24,392	214,233	(51,943)	162,290	186,682
D5	Total comprehensive income for 2024	-	-	-	-	880,445	880,445	214,233	(51,943)	162,290	1,042,735
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 20)	-	-	-	-	226	226	-	(226)	(226)	-
Z1	Balance as of December 31, 2024	<u>1,620,000</u>	<u>109,873</u>	<u>2,082,370</u>	<u>490,499</u>	<u>6,042,330</u>	<u>8,615,199</u>	<u>(126,385)</u>	<u>45,507</u>	<u>(80,878)</u>	<u>10,264,194</u>
	Earnings allocation and distribution for 2024 (Note 20)										
B1	Legal reserve	-	-	88,067	-	(88,067)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(583,200)	(583,200)	-	-	-	(583,200)
C3	Amount from donation	-	91	-	-	-	-	-	-	-	91
D1	Net profit for 2025	-	-	-	-	891,606	891,606	-	-	-	891,606
D3	Other comprehensive income (loss) after tax for 2025	-	-	-	-	18,617	18,617	(115,178)	(46,706)	(161,884)	(143,267)
D5	Total comprehensive income for 2025	-	-	-	-	910,223	910,223	(115,178)	(46,706)	(161,884)	748,339
Z1	Balance as of December 31, 2025	<u>\$1,620,000</u>	<u>\$ 109,964</u>	<u>\$2,170,437</u>	<u>\$ 490,499</u>	<u>\$6,281,286</u>	<u>\$8,942,222</u>	<u>(\$ 241,563)</u>	<u>(\$ 1,199)</u>	<u>(\$ 242,762)</u>	<u>\$10,429,424</u>

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

Chairperson: Chang Te-Jen

Manager: Chang Fong-Li

Accounting Manager: Chen Hsi-Hui

Y YUNG CHI PAINT & VARNISH MFG. CO., LTD

Statement of Cash Flows

January 1 through December 31, 2025 and 2024

Unit: NT\$1,000

Code		2025	2024
	Cash flow from operating activities		
A10000	Pre-tax profit for the year	\$ 1,140,735	\$ 1,071,416
A20010	Income expenses		
A20100	Depreciation	91,621	79,955
A20200	Amortization	2,363	987
A20300	Loss on expected credit impairment	2,256	2,720
A20400	Gains on financial assets at fair value through profit or loss	(19,266)	(8,302)
A20900	Financial cost	206	320
A21200	Income from interests	(5,618)	(8,659)
A21300	Dividend income	(15,966)	(15,486)
A22400	Share of profit or loss of associates and subsidiaries accounted for using equity method	(61,477)	(90,852)
A22500	Loss (gain) on disposal or property, plant, and equipment	5,612	(298)
A24000	Unrealized (realized) gain on sales	472	2,891
A29900	Provisions recognized (reversed)	1,608	(559)
A29900	Refund liabilities recognized	160,093	151,398
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(58,853)	(31,085)
A31130	Notes receivable	(67,058)	31,116
A31140	Notes receivable - related parties	9,814	(1,254)
A31150	Accounts receivable	59,562	(106,916)
A31160	Accounts receivable - related parties	94,141	(69,953)
A31180	Other receivables	2,886	(2,155)
A31190	Other receivable - related parties	9,953	1,908
A31200	Inventories	14,929	(166,692)
A31240	Other current assets	17,991	(13,060)
A32125	Contract liabilities	7,790	(4,625)
A32130	Notes payable	(1,637)	(6,052)
A32150	Accounts payable	808	(165,936)
A32180	Other accounts payable	(7,690)	22,038
A32230	Other current liabilities	1,425	(17,098)
A32240	Net defined benefit assets and liabilities	(6,802)	(6,401)
A32990	Refund liabilities	(161,956)	(149,298)
A33000	Cash flow from operating activities	1,217,942	500,068

<u>Code</u>		<u>2025</u>	<u>2024</u>
A33100	Interest received	\$ 5,257	\$ 9,420
A33200	Dividends received	15,966	15,486
A33300	Interest paid	(206)	(320)
A33500	Income taxes paid	(171,259)	(204,803)
AAAA	Net cash generated by operating activities	<u>1,067,700</u>	<u>319,851</u>
Cash Flow from Investing Activities			
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(496)
B00020	Disposal of financial assets at fair value through other comprehensive income	-	2,861
B00040	Acquisition of financial assets at amortised cost	(100)	-
B00100	Acquisition of financial assets at fair value through profit or loss	(401,083)	(650,000)
B00200	Disposal of financial assets at fair value through profit or loss	594,421	599,073
B02700	Acquisition of property, plant and equipment	(105,621)	(112,364)
B02800	Proceeds from disposal of property, plant and equipment	68	409
B03700	Decrease (Increase) in guarantee deposit paid	619	(1,013)
B04500	Acquisition of intangible assets	(1,299)	(1,304)
B06500	Increase in other financial assets	(4,886)	(3,770)
BBBB	Net cash generated from (used in) investing activities	<u>82,119</u>	(<u>166,604</u>)
Cash Flow from Financing Activities			
C00100	Increase in short-term borrowings	(2,873)	6,881
C03000	Increase in guarantee deposit received	(26)	30
C04020	Repayment of principal of lease liabilities	(8,315)	(8,202)
C04500	Cash dividends paid	(583,200)	(567,000)
C09900	Refund of shareholder unclaimed dividends	<u>91</u>	<u>443</u>
CCCC	Net cash used in financing activities	(<u>594,323</u>)	(<u>567,848</u>)
EEEE	Increase (decrease) in cash and cash equivalents	555,496	(414,601)
E00100	Cash and cash equivalents - beginning of year	<u>544,790</u>	<u>959,391</u>
E00200	Cash and cash equivalents - end of year	<u>\$1,100,286</u>	<u>\$ 544,790</u>

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

Chairperson: Chang Te-Jen

Manager: Chang Fong-Li

Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Notes to the Parent Company Only Financial Statements

January 1 through December 31, 2025 and 2024

(All amounts are in NT\$ thousand unless otherwise specified)

I. Company History

Founded in May 1957 in Kaohsiung, YUNG CHI PAINT & VARNISH MFG. CO., LTD (the “Company” hereinafter) is mainly engaged in the manufacture and sale of paints and coatings and the undertaking of painting projects.

The Company’s shares began trading on Taiwan Stock Exchange in September 2000.

The individual financial statements are stated in the functional currency of the Company, which is New Taiwan Dollars.

II. Date and procedures of approval of the financial statements

The parent company only financial statements were approved at the Board meeting on March 12, 2026.

III. Application of New Standards, Amendments, and Interpretations

- (I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations (IFRIC), and SIC interpretations (SIC) (hereinafter collectively referred to as “IFRS Accounting Standards”) approved and promulgated by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

The application of the amended IFRS Accounting Standards approved and promulgated by the Financial Supervisory Commission won’t cause any significant changes to the accounting policy of the Company.

- (II) The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

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

Up to the date when the parent company only financial statements were approved by the Board of Directors, the Company assessed other amendment of IFRS Accounting Standards won’t cause any significant effects to the financial position and financial performance.

(III) The IFRS Accounting Standards issued by the IASB but not yet approved and promulgated by the FSC

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

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

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

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”.

The main changes comprise:

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

In addition, the following consequential amendments have

been made to IAS 7 “Statement of Cash Flows”:

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

Up to the date when the the parent company only financial statements were approved by the Board of Directors, the Company assessed the effects of the said amendments to the standards and interpretations on their financial position and performance on a continuous basis. The relevant effects will be disclosed after the assessment.

IV. Summary of significant accounting policies

(I) Compliance statement

The individual financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities (assets) recognized at the present value of defined benefit obligations less the fair value of the plan assets, the parent company only financial statements were prepared on the basis of historical cost.

Fair value measurements are classified into Level 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: The quoted price in an active market for identical assets or liabilities that is accessible on the measurement date (before adjustment).
2. Level 2 inputs: Other than quoted prices included in Level 1, the inputs that are observable for assets or liabilities directly (i.e. the price) or indirectly (i.e. inferred from the price).
3. Level 3 inputs: The inputs that are not observable for assets or liabilities.

When preparing the individual financial statements, the Group accounted for subsidiaries and associates using the equity method. To align the profit or loss, other comprehensive income, and equity in the parent company only financial statements with those attributable to owners of the Company stated in the consolidated financial statements, any differences resulting from the difference between parent company only basis and consolidated basis are adjusted through "Investment accounted for using equity method", "Share of profit or loss of associates, subsidiaries, and joint ventures accounted for using the equity method", "Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method", and other related equity items.

(III) Criteria for classification of assets and liabilities as current or non-current

Current assets include:

1. Assets that are held mainly for trading purposes;
2. assets expected to be realized within 12 months after the balance sheet date; and
3. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12

months after the balance sheet date).

Current liabilities include:

1. Liabilities that are held mainly for trading purposes;
2. Liabilities that will be settled within 12 months after the balance sheet date; and
3. Liabilities for which there is no substantive right to defer settlement for at least 12 months after the balance sheet date.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

When preparing the parent company only financial statements, the Company translated the transactions denominated in currencies other than its functional currency (i.e., foreign currencies) into its functional currency by applying the exchange rate prevailing on the transaction date.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized in the profit or loss of the period.

Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on the date the fair value was determined. The exchange differences resulting therefrom are recognized in profit or loss of the period, or in other comprehensive income when changes in fair value of such items were designated to be recognized in other comprehensive income.

Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the parent company only financial statements, the assets and liabilities of the Company's foreign

operations (including the subsidiaries or associates of which the countries they operate or the currencies they use are different from those of the Company) are translated into NTD at the exchange rate prevailing on each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized in other comprehensive income.

(V) Inventories

Inventories include raw materials, materials, work-in-process, finished goods, and products. Inventories are measured at the lower of cost and net realizable value. Cost and net realizable values are compared on an item by item basis, except inventories of the same category. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VI) Investment in subsidiary

The Company accounted for investment in subsidiaries using the equity method.

Subsidiaries are entities controlled by the Company.

Under the equity method, the investment is initially recognized at its costs and the amount of increase or decrease in the carrying amount of such investment after the date of acquisition depends on profits distributed and the Company's shares of profit/loss and other comprehensive income in the subsidiaries. In addition, changes in subsidiaries' other equity attributable to the Company are recognized according to the shareholding percentage.

If a change in the Company's equity interest in a subsidiary does not result in lose of control, such change is accounted for as an equity transaction. The differences between the book value and the received or paid consideration are recognized directly in equity.

When the Company's share of losses in the associate is equal to or

exceed its equity in the subsidiary (including the carrying amount of investment in the subsidiary under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Company in the subsidiary concerned) , the Company will continue to recognize further losses in proportion to its shareholding percentage.

When losing control over a subsidiary, the Company measures its residual investment in that subsidiary at fair value on the date of loss of control. The difference between the fair value and any disposal consideration of the residual investment and the carrying amount of the investment on the date of loss of control is recognized in profit or loss of the current period. In addition, the amounts in relation to the subsidiary that are recognized in other comprehensive income are accounted for on the same basis as if related assets or liabilities were disposed of by the Company.

Unrealized gains and losses on downstream transactions between the Company and subsidiaries were written off during the preparation of the parent company only financial statements. Profit or loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements only when such gain or loss is irrelevant to the Company's equity in the subsidiary.

(VII) Investment in associates

An associate refers to a company over which the Company has a significant influence and which is not a subsidiary or joint venture.

The Company accounts for its equity in an associate using the equity method.

Under the equity method, the investment in associates is initially recognized at its costs and the amount of increase or decrease in the carrying amount of such investment after the date of acquisition depends on the profits distributed and the Company's shares of

profit/loss and other comprehensive income in the associates and joint ventures. In addition, changes to the Group's equity in the associates are recognized based on our shareholding ratio.

When the Company does not subscribe to new shares issued by associates based on its shareholding ratio, resulting in changes in the shareholding ratio and consequently to the net equity value of investment, the Company accounts for such changes by adjusting capital reserves - changes in the net equity of associates recognized under the equity method and investments under equity method. However, if subscription or acquisition of the shares is not based on the shareholding ratio, leading to a decrease in the Group's ownership equity in the associates, the amounts related to the associate in other comprehensive income are reclassified according to the percentage of such decrease and treated with the same accounting treatment basis as the one which the associates' direct disposal of relevant assets or liabilities shall be in accordance with. If the said adjustment shall be debited to capital reserves, and the balance of capital reserves arising from investment under equity method is insufficient to be offset, the difference is debited to retained earnings.

When the Company's share of loss in associates equals or exceeds its share of equity in the associates, the Company does not recognize further losses. The Company recognizes additional losses and liabilities only when any legal obligation or constructive obligation is incurred or the Company made payment on behalf of the associates.

For impairment evaluation, the Company tests the entire investment (including goodwill) book value for impairment as a single asset by comparing the recoverable amount and book value of the investment. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognized to the extent that the recoverable amount of the investment subsequently

increased.

On the date when the Company's investment ceases to be considered as an associate, the Company ceases to account for it using equity method and measures the Company's retained interest in it at fair value; the differences between the fair value and disposal consideration, and the investment's carrying amount on the date when it ceases to be accounted for using the equity method are recognized in profit or loss. The amounts in relation to the associate that are recognized in the Group's other comprehensive income are accounted for on the same basis as if related assets or liabilities were disposed of by the associate.

(VIII) Property, plant and equipment

Property, plant, and equipment are initially recognized at cost and subsequently at cost net of accumulated depreciation.

Property, plant, and equipment under construction are measured at cost. Costs comprise professional service fees and borrowing costs eligible for capitalization. Such assets are measured at the lower of costs and net realizable value before reaching the condition of intended use; disposal proceeds and costs thereof are recognized in profit or loss. Upon completion and reaching the intended use status, such assets are classified to proper categories of property, plant, and equipment and depreciated.

Except own land, which is not depreciated, each significant part of the property, plants, and equipment is separately depreciated on the straight-line basis over their useful life. The Company reviews the estimated useful life, residual value, and method of depreciation at least once before the end of each year and prospectively recognizes the effect from changes in accounting estimates.

When property, plant, and equipment is disposed of, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss.

(IX) Investment property

Investment property is property held to earn rentals or for capital appreciation or both.

Property, plant, and equipment are initially recognized at cost (including transaction cost) and subsequently at cost net of accumulated depreciation and accumulated impairment. Investment property is depreciated on a straight line basis.

When investment property is disposed of, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss.

(X) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently at cost less accumulated amortization. Intangible assets are amortized on the straight-line basis over their useful life. The Company reviews the estimated useful life, residual value, and method of amortization at least once before the end of each year and prospectively recognizes the effects of changes in accounting estimates.

(XI) Impairments of property, plant, and equipment, right-of-use assets, investment property, and intangible assets

The Company assesses whether there are any signs indicating that any property, plant, and equipment, right-of-use assets, investment property, or intangible assets might be impaired on each balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated. When the recoverable amount of individual assets cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are allocated on a reasonable and consistent basis to individual cash-generating units.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any

individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is reversed subsequently, the book value of the asset or cash-generating unit is adjusted up to the revised recoverable amount. However, the increased book value shall not exceed the book value that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XII) Financial instruments

Financial assets and financial liabilities are initially recognized in the balance sheet when the Company becomes a party to the individual instrument contract.

Financial assets or financial liabilities other than those measured at fair value through profit or loss are initially recognized at the fair value plus the transaction costs that can be directly attributed to acquisition or issuance of such financial assets or liabilities. Any transaction cost directly attributable to the acquisition or issuance of the financial assets or financial liabilities measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

The arms-length transactions of financial assets are recognized and derecognized using the transaction date accounting method.

(1) Type of measurement

The Company's financial assets include financial assets measured at fair value through profit or loss, investment in equity instrument measured at fair value through other comprehensive income, and financial assets measured at

amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets mandatorily designated to be measured at fair value through profit or loss, including financial assets not eligible to be classified as financial assets measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value; any gain or loss on their remeasurement is recognized in other gains and losses. For the method for determining fair value, refer to Note 26.

B. Investment in equity instruments at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to measure the investment in equity instruments that are held not for trading, that are not recognized by the acquirer in a business merger, and that have no consideration, at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the accumulated gains and losses are transferred to retained earnings and not reclassified to profit or loss.

The dividends derived investment in equity instruments measured at fair value through other

comprehensive income are recognized in profit or loss when the Company's right to receive dividends is determined, except under the circumstance that such dividends apparently represent a partial return of the investment cost.

C. Financial assets at amortized cost

When the Company's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

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

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, net accounts and notes receivable [including those due from related parties] measured at amortized cost, other receivables [including those due from related parties], guarantee deposit paid, and other financial assets) are measured at the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any gain or loss from foreign currency translation is recognized in profit or loss.

Interest income is calculated as the effective interest rate times the total book value of financial assets.

Financial assets are deemed to be credit-impaired upon the occurrence of significant financial difficulties confronting the issuer or debtor; default; the circumstance that the debtor is likely to file for bankruptcy or other

financial reorganization; or the disappearance of an active market for the financial assets as a result of financial difficulties.

Cash equivalents include time deposits and repo bonds that are highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value, and that mature within three months after the acquisition date; cash equivalents are used to meet short-term cash commitments.

(2) Impairment of financial assets and contract assets

The Company assesses impairment losses on the financial assets measured at amortized cost (including receivables) and contract assets based on expected credit losses on each balance sheet date.

Loss allowance for receivables is recognized based on the lifetime expected credit losses. The Group first assess whether the credit risk on other financial assets significantly has increased after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized at the 12-month expected credit losses; when the increase is significant, the loss allowance is recognized at the lifetime expected credit losses.

Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management,

financial assets are deemed to be defaulted on when internal or external information indicates that it's impossible for the debtor to settle the debt, without consideration of the collateral held:

The impairment loss on all financial assets is deducted from the book value of the financial assets through their allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only 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 to other entities.

For derecognition of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration are recognized in profit or loss. For derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

Equity instruments issued by the Company are recognized as the amount of consideration received, less the direct cost of issuance.

3. Financial liabilities

(1) Subsequent measurement

All of the Company's financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing a financial liability, the difference between the book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XIII) Provisions

The amount of provisions recognized is the best estimate of expenditures requisite for settling obligations on the balance sheet date, taking into account the risks and uncertainties associated with the obligations. Provisions are measured at the discounted value of the estimated cash flows requisite for settling obligations.

(XIV) Revenue recognition

After identifying the performance obligations under a contract with customers, the Company allocates the transaction price to each performance obligation and recognizes the allocated amount as revenue after each performance obligation is fulfilled.

1. Revenue from sale of goods

Sales revenue is recognized when the Company fulfills its performance obligations by transferring the promised goods to customers.

Sales revenue is measured at the fair value of the consideration received or paid, less any estimated customer returns, discounts, and other similar allowances.

The significant financial components of the transaction price of the Company's contracts of which the interval between the time of transfer of the promised goods and the time of payment made by the customer is expected to be less than 12 months are not adjusted. Before the Company fulfills its performance obligations, the prepayments for products to be sold are recognized as contract liabilities.

2. Construction revenue

The Company recognizes revenue for the contract of coating projects over the passage of time as the construction progresses. Since the cost invested in construction is directly related to the completion of performance obligation, the Company estimates the percentage of completion at the ratio of the actually invested cost to the estimated total cost. The Company recognizes contract assets as the construction progresses, and transfers them to accounts receivable upon issuance of an invoice. If the construction proceeds received exceed the recognized amount, the difference is recognized as a contract liability. A portion of the project price retained by customers as per contractual terms is meant to ensure that the Company completes all of its performance obligations, and is recognized as a contract asset before the Company does so.

(XV) Lease

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

For a contract comprising lease and non-lease components, the Company accounts for such components separately by allocating the contract consideration to each of them.

1. The Company is a lessor.

Leases whose contractual terms stipulate transfer of almost or all of the risks and rewards incidental to the ownership of the underlying assets to the lessee are classified as a finance lease. Otherwise they are classified as an operating lease.

Under an operating lease, lease payments less any lease incentives are recognized as revenue on a straight line basis over the lease term. The original direct costs associated with acquisition of an operating lease are added to the book value of the underlying assets and then recognized as expense over the lease term.

Variable rentals of a lease agreement that do not depend on an index or a rate are recognized as revenue in the period in which they occur.

2. The Company is a lessee

When the Company is a lessee, the lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized in expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured at cost (including the initial recognized amount of lease liabilities), and subsequently measured at the cost net of accumulated depreciation and accumulated impairment losses, adjusted for remeasurements of lease liabilities. Right-of-use assets are separately presented in the balance sheet.

Right-of-use assets are 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 assets or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payment. If the interest rate implicit in a lease can be readily determined, the lease payments are discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When future lease payments change as a result of a change in the lease term, or in the index or rate on which lease payments depend, the Company re-measures the lease liabilities and adjusts the right-of-use assets accordingly.

However, the residual remeasurements are recognized in profit or loss when the book value of right-of-use assets is reduced to zero. Lease liabilities are separately presented in the balance sheet.

Variable rentals of a lease agreement that do not depend on an index or a rate are recognized as expense in the period in which they occur.

(XVI) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amount expected to be paid in exchange for the services to be provided by the employees.

2. Post-employment benefit

The pension contributed under the Defined Contribution Pension Plan is recognized in expenses during the period when employees provide services.

Defined benefit costs (including service cost, net interest, and remeasurements) under the Defined Benefit Pension Plan are calculated actuarially using the projected unit credit method. Service costs and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses when they are incurred. Remeasurements are recognized in other comprehensive income and presented in retained earnings when they occurred, and are not reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the shortfall (surplus) of contributions to the Defined Benefit Pension Plan. Net defined benefits shall not exceed the present value of refunds from the plan or reductions in future contributions to the plan.

(XVII) Income tax

Tax expenses are the total of current income tax and deferred income tax.

1. Current income tax

The Company uses the laws and regulations promulgated by each tax jurisdiction to calculate taxable income, thus income tax payable for the current period.

The additional income tax on undistributed earnings that is calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when taxable income sufficiently enough to offset the deductible temporary differences is highly likely in the future.

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

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax

assets is not likely to have adequate taxable income necessary for the recovery of all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized in deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income necessary for the recovery of all or part of the assets in the future, the book value thereof is increased.

Deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax law legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax consequences on the balance sheet date arising from the method that the Company expects to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in profit or loss; in other comprehensive income if they are initially designated to be recognized in other comprehensive income; or in equity if they are initially designated to be recognized directly in equity.

V. Significant Accounting Judgments, Assumptions, and Major Sources of Estimation Uncertainty

For adoption of the accounting policies, the management, based on historical experience and other relevant factors, must make judgments, estimates, and assumptions related to the information that cannot be readily acquired from other sources. The actual results may differ from those estimates. The management will continue to review estimates and fundamental assumptions.

Assumptions, and Major Sources of Estimation Uncertainty
Deferred income tax

Since the taxable temporary difference related to the investment in overseas subsidiaries is unlikely to be realized in the foreseeable future, no deferred income tax liability is recognized. Income tax expenses will be recognized in the year overseas subsidiaries wire back their earnings. On December 31, 2025 and 2024, the tax effects arising from the Company's not recognizing deferred income tax liabilities for the gains on investment in overseas subsidiaries were NT\$335,937 thousand and NT\$406,768 thousand, respectively.

VI. Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and working capital	\$ 2,541	\$ 1,197
Bank check and demand deposit	783,945	543,593
Cash equivalents (investment whose initial maturity date will be due within 3 months)		
Time deposits in banks	313,800	-
	<u>\$1,100,286</u>	<u>\$ 544,790</u>

VII. Financial assets at fair value through profit or loss

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss		
Fund beneficiary certificates	<u>\$241,151</u>	<u>\$415,223</u>

VIII. Financial assets at fair value through other comprehensive income

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current		
<u>TWSE-listed stocks</u>	<u>\$338,055</u>	<u>\$385,527</u>
Non-current		
<u>Domestic shares not traded on an exchange or OTC</u>	<u>\$ 30,176</u>	<u>\$ 29,431</u>

Since the Company holds the said equity instrument investment not for trading or gaining profits in the short term, the Company elects to designate them to be measured at fair value through other comprehensive income.

IX. Notes receivable (including those due from related parties); accounts receivable (including those due from related parties); and other receivables (including those due from related parties).

(I) Notes receivable and accounts receivable (including overdue receivables)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable (including those due from related parties)		
Measured at		
amortized cost		
Arising from		
operating		
activities	\$ 334,676	\$ 277,432
Less: loss		
allowance	<u>6,691</u>	<u>5,549</u>
	<u>\$ 327,985</u>	<u>\$ 271,883</u>
Accounts receivable (including those due from related parties)		
Measured at		
amortized cost		
Total book		
value	\$1,608,551	\$1,762,254
Less: loss		
allowance	<u>44,598</u>	<u>43,484</u>
	<u>\$1,563,953</u>	<u>\$1,718,770</u>
Overdue receivables		
Total book value	\$ 194	\$ 194
Less: loss		
allowance	<u>194</u>	<u>194</u>
	<u>\$ -</u>	<u>\$ -</u>

The credit period provided by the Company to customers averages about 90 days to 100 days; receivables do not accrue interest. To mitigate credit risk, the Company has a dedicated team be responsible for determining the credit limits, approving credit lending, and executing other monitoring procedures, so as to ensure that appropriate

actions have been taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of receivables on the balance sheet date so as to ensure that appropriate impairment loss has been recognized for uncollectible receivables.

The Company recognizes the allowance for receivables based on the lifetime ECL, which is calculated using the provision matrix, taking into account a customer's historical default record and current financial standing and the industrial and economic conditions. According to the Company's historical credit loss record, the loss patterns do not differ among different customer bases, so the provision matrix does not look into individual customer bases but instead estimates the ECL rate based on the number of days past due of receivables.

When there is any evidence showing that the trading counterparty is facing serious financial difficulties and the Company cannot estimate a reasonable recoverable amount, the Company transfers the receivables to overdue receivables while providing sufficient loss allowance. When it is sure that the receivables cannot be recovered, the Company directly writes off related receivables, but will continue recourse activities. Any recovered amount through the recourse activities is recognized in profit or loss.

The loss allowance the Company recognized for receivables based on the provision matrix is as follows:

December 31, 2025

	<u>Not past due</u>	<u>1~90 days past due</u>	<u>91~270 days past due</u>	<u>271~630 days past due</u>	<u>More than 630 days past due</u>	<u>Individual identification</u>	<u>Total</u>
ECL rate (%)	2	2	10	30	100	100	
Total book value	\$ 1,807,581	\$ 88,255	\$ 22,456	\$ 17,640	\$ 7,489	\$ -	\$ 1,943,421
Loss allowance	(34,691)	(1,765)	(2,246)	(5,292)	(7,489)	(-)	(51,483)
Amortized cost	<u>\$ 1,772,890</u>	<u>\$ 86,490</u>	<u>\$ 20,210</u>	<u>\$ 12,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,891,938</u>

December 31, 2024

	<u>Not past due</u>	<u>1~90 days past due</u>	<u>91~270 days past due</u>	<u>271~630 days past due</u>	<u>More than 630 days past due</u>	<u>Individual identification</u>	<u>Total</u>
ECL rate (%)	2	2	10	30	100	100	
Total book value	\$ 1,874,138	\$ 128,901	\$ 19,928	\$ 9,707	\$ 7,206	\$ -	\$ 2,039,880
Loss allowance	(35,750)	(1,366)	(1,993)	(2,912)	(7,206)	(-)	(49,227)
Amortized cost	<u>\$ 1,838,388</u>	<u>\$ 127,535</u>	<u>\$ 17,935</u>	<u>\$ 6,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,990,653</u>

Movements in the loss allowance for receivables are as follows:

	<u>2025</u>	<u>2024</u>
Balance - beginning of period	\$ 49,227	\$ 49,823
Provision in the current year	2,256	2,720
Written off in the current year	<u>-</u>	<u>(3,316)</u>
Balance - end of year	<u>\$ 51,483</u>	<u>\$ 49,227</u>

(II) Other receivables

The Company recognizes the loss allowance for other receivables based on the lifetime ECL. As at December 31, 2025 and 2024, there were no material overdue other receivables; accordingly, there was no balance of loss allowance based on our assessment.

X Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Finished-goods	\$ 458,477	\$ 508,844
Products	18,403	18,879
Work in process	38,724	-
Raw materials	1,156,244	1,155,751
Materials	15,633	12,465
Inventory in transit	<u>1,167</u>	<u>7,638</u>
	<u>\$1,688,648</u>	<u>\$1,703,577</u>

In 2025 and 2024, the cost of goods sold related to inventories was NT\$5,081,291 thousand and NT\$5,216,767 thousand.

XI. Other financial assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Reserve deposit	\$ 20,061	\$ 19,950
Project deposit	<u>-</u>	<u>3,225</u>
	<u>\$ 20,061</u>	<u>\$ 23,175</u>
<u>Non-current</u>		
Time deposits pledged	<u>\$ 8,400</u>	<u>\$ 400</u>

For other financial assets, see Note 28.

XII. Investments accounted for using equity method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investment in subsidiary	\$4,253,340	\$4,303,729
Investment in associates	<u>23,636</u>	<u>27,399</u>
	<u>\$4,276,976</u>	<u>\$4,331,128</u>

(I) Investment in subsidiary

Investee	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	Amount	Shareholding percent age (%)	Amount	Shareholding percent age (%)
Bmass Investment Co., Ltd (Bmass)	\$ 2,681,346	94	\$ 2,767,705	94
Cmass Investment Co., Ltd (Cmass)	912,313	100	891,595	100
Emass Investment International Co., Ltd (Emass)	<u>659,681</u>	100	<u>644,429</u>	100
	<u>\$ 4,253,340</u>		<u>\$ 4,303,729</u>	

To improve existing production capacity and expand sales to overseas markets, the Company set up Bmass and invested in YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD and YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD through it; set up Cmass and invested in YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD and YUNG CHI PAINT & VARNISH MFG. (Malaysia) CO., LTD through it; and set up Emass and invested in Yung Chi America Corp. through it, and then invested in Continental Coatings, Inc. through Yung Chi America Corp. For details, see Appendix Table 6 and Appendix Table 7.

(II) Investment in associates

Investee	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	Amount	Shareholding percent age (%)	Amount	Shareholding percent age (%)
PPG Yung Chi Coatings Co., Ltd.	<u>\$ 23,636</u>	35	<u>\$ 27,399</u>	35

Below is the information on the said associates which are individually insignificant:

	<u>2025</u>	<u>2024</u>
The Company's share		
Net profit(loss) in the current year	(\$ 2,152)	\$ 814
Other comprehensive income	-	-
Total comprehensive income	(<u>\$ 2,152</u>)	<u>\$ 814</u>

XIII Property, plant and equipment

2025

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Other facilities</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
<u>Cost</u>							
Balance as of January 1, 2025	\$ 968,675	\$ 579,147	\$ 694,069	\$ 64,306	\$ 183,665	\$ 42,993	\$ 2,532,855
Increase	-	691	56,545	5,838	38,458	9,615	111,147
Disposal	-	(67,830)	(419,955)	(40,998)	(122,044)	-	(650,827)
Balance as of December 31, 2025	<u>\$ 968,675</u>	<u>\$ 512,008</u>	<u>\$ 330,659</u>	<u>\$ 29,146</u>	<u>\$ 100,079</u>	<u>\$ 52,608</u>	<u>\$ 1,993,175</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2025	\$ -	\$ 269,112	\$ 539,860	\$ 51,153	\$ 141,628	\$ -	\$ 1,001,753
Depreciation	-	17,163	46,872	4,355	13,226	-	81,616
Disposal	-	(67,289)	(415,845)	(40,606)	(121,408)	-	(645,148)
Balance as of December 31, 2025	<u>\$ -</u>	<u>\$ 218,986</u>	<u>\$ 170,887</u>	<u>\$ 14,902</u>	<u>\$ 33,446</u>	<u>\$ -</u>	<u>\$ 438,221</u>
Net amount on December 31, 2025	<u>\$ 968,675</u>	<u>\$ 293,022</u>	<u>\$ 159,772</u>	<u>\$ 14,244</u>	<u>\$ 66,633</u>	<u>\$ 52,608</u>	<u>\$ 1,554,954</u>

2024

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Other facilities</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
<u>Cost</u>							
Balance as of January 1, 2024	\$ 968,675	\$ 553,154	\$ 662,624	\$ 58,815	\$ 154,647	\$ 62,007	\$ 2,459,922
Increase	-	25,993	34,498	7,320	29,018	(19,014)	77,815
Disposal	-	-	(3,053)	(1,829)	-	-	(4,882)
Balance as of December 31, 2024	<u>\$ 968,675</u>	<u>\$ 579,147</u>	<u>\$ 694,069</u>	<u>\$ 64,306</u>	<u>\$ 183,665</u>	<u>\$ 42,993</u>	<u>\$ 2,532,855</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2024	\$ -	\$ 252,349	\$ 500,061	\$ 48,915	\$ 135,242	\$ -	\$ 936,567
Depreciation	-	16,763	42,745	4,063	6,386	-	69,957
Disposal	-	-	(2,946)	(1,825)	-	-	(4,771)
Balance as of December 31, 2024	<u>\$ -</u>	<u>\$ 269,112</u>	<u>\$ 539,860</u>	<u>\$ 51,153</u>	<u>\$ 141,628</u>	<u>\$ -</u>	<u>\$ 1,001,753</u>
Net amount on December 31, 2024	<u>\$ 968,675</u>	<u>\$ 310,035</u>	<u>\$ 154,209</u>	<u>\$ 13,153</u>	<u>\$ 42,037</u>	<u>\$ 42,993</u>	<u>\$ 1,531,102</u>

The Company's property, plant, and equipment were depreciated on a straight line basis over the following useful lives:

Buildings and structures	5~55 years
Machinery and equipment	1~25 years
Transportation equipment	5~40 years
Other facilities	1~40 years

For the amount of property, plant, and equipment pledged as borrowing collateral by the Company, see Note 28.

XIV. Lease agreements

(I) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Book value of right-of-use assets		
Buildings	\$ 7,209	\$ 14,419
Transportation equipment	<u>2,122</u>	<u>1,413</u>
	<u>\$ 9,331</u>	<u>\$ 15,832</u>
	<u>2025</u>	<u>2024</u>
Increase in right-of-use assets	<u>\$ 1,820</u>	<u>\$ 1,330</u>
Depreciation expenses - Right-of-use assets		
Buildings	\$ 7,210	\$ 7,210
Transportation equipment	<u>1,111</u>	<u>1,104</u>
	<u>\$ 8,321</u>	<u>\$ 8,314</u>

(II) Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Book value of lease liabilities		
Current	<u>\$ 8,398</u>	<u>\$ 7,912</u>
Non-current	<u>\$ 1,078</u>	<u>\$ 8,059</u>

The discount rates (%) for lease liabilities are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Buildings	1.775	1.775

Transportation equipment	1.775~2.625	1.775~2.625
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(III) Material lease activities and terms

The Company leased buildings from others and used them as operating premises and shipping hubs, with a lease term of 3 years. The Company did not have an option to buy the buildings underlying the lease at the termination of the lease period.

The Company leased transportation equipment for use in business travel; the lease period was 3 years. There was no contractual term which grants the Company the right to renew the lease or buy the underlying assets at the expiration of the lease term.

(IV) Other lease information

For the agreement under which the Company leases out investment property recognized as an operating lease, see Note 15.

	<u>2025</u>	<u>2024</u>
Short-term lease expense	<u>\$ 1,570</u>	<u>\$ 1,344</u>
Low-value asset lease expense	<u>\$ 424</u>	<u>\$ 357</u>
Total cash outflow from leases	<u>\$ 10,515</u>	<u>\$ 10,223</u>

For employee dormitory lease qualified as a short-term lease and the lease of office accessories like photocopiers that qualifies as a lease whose underlying assets are of low value, the Company applies the recognition exemption to them, and does not recognize any right-of-use assets or lease liability for them.

XV. Investment property

2025

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2025	\$ 299,901	\$ 84,640	\$ 384,541
Disposal	<u>-</u>	<u>(1,031)</u>	<u>(1,031)</u>
Balance as of December 31, 2025	<u>\$ 299,901</u>	<u>\$ 83,609</u>	<u>\$ 383,510</u>
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2025	\$ 137,822	\$ 44,704	\$ 182,526
Depreciation	-	1,684	1,684
Disposal	<u>-</u>	<u>(1,030)</u>	<u>(1,030)</u>
Balance as of December 31, 2025	<u>\$ 137,822</u>	<u>\$ 45,358</u>	<u>\$ 183,180</u>
Net amount on December 31, 2025	<u>\$ 162,079</u>	<u>\$ 38,251</u>	<u>\$ 200,330</u>

2024

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2024 and December 31, 2024	<u>\$ 299,901</u>	<u>\$ 84,640</u>	<u>\$ 384,541</u>
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2024	\$ 137,822	\$ 43,020	\$ 180,842
Depreciation	<u>-</u>	<u>1,684</u>	<u>1,684</u>
Balance as of December 31, 2024	<u>\$ 137,822</u>	<u>\$ 44,704</u>	<u>\$ 182,526</u>
Net amount on December 31, 2024	<u>\$ 162,079</u>	<u>\$ 39,936</u>	<u>\$ 202,015</u>

The lease term of an investment property lease is between 1 and 5 years; the lessee does not have the option to purchase the investment property at the termination of the lease term.

Total future lease payments to be generated from investment property recognized as an operating lease is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Year 1	\$ 2,383	\$ 3,840
Year 2	<u>-</u>	<u>186</u>
	<u>\$ 2,383</u>	<u>\$ 4,026</u>

Buildings and structures recognized as investment property are depreciated on a straight line basis over their useful lives (40 to 50 years).

Their fair value stood at NT\$637,281 thousand on both December 31, 2025 and December 31, 2024. The fair value of investment property is assessed by referencing independent property appraisers' appraisal arrived at by using Level 3 fair value inputs, and by referencing the value derived using direct capitalization method and the comparables method that looks into the transaction price of similar properties on the market. The significant unobservable input used, the capitalization rate of profits, was 1.50% in both years.

XVI. Short-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Secured loans		
Loan against L/C - settled before interest accrual	<u>\$ 5,386</u>	<u>\$ 8,259</u>

XVII. Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salary and bonus payable	\$159,601	\$149,102
Advertising expenditure payable	45,322	53,711
Employee and director payable	28,341	25,255
Business tax payable	18,882	20,626
Construction and equipment payable	6,740	4,472
Others	<u>83,007</u>	<u>94,149</u>
	<u>\$341,893</u>	<u>\$347,315</u>

XVIII. Provisions

<u>Non-current</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Construction warranty	<u>\$ 7,432</u>	<u>\$ 5,824</u>

The provisions for construction warranty are the present value of the management’s best estimate of outflow of future economic benefits arising from the warranty obligations; such estimates are based on historical warranty experience.

XIX. Post-employment benefit plan

(I) Defined contribution plan

The pension system that is specified in the “Labor Pension Act” and adopted by the Company is the defined contribution pension plan managed by the government. A pension equal to 6% of employee’s monthly wage shall be contributed to the personal labor pension account with the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system under our country’s Labor Standards Act applicable to the Company is a defined benefit plan. Payment of employee pension is calculated based on an employee’s service years and the average of their salaries over the 6 months before their approved retirement date. The Company appropriates a certain percentage of the total monthly wage of an employee as the pension and remits the amount to the Retirement Reserves Supervisory Committee, which will deposit the amount in a dedicated account under its name with the Bank of Taiwan. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, the Company will make up the difference in one appropriation before the end of March in the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor, so the Company does not have the right to influence the investment

management strategies.

The amounts of the defined benefit plan included in the parent company only balance sheet are listed as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$318,902	\$327,305
Fair value of plan assets	(<u>371,637</u>)	(<u>349,967</u>)
Net defined benefit assets	(<u>\$ 52,735</u>)	(<u>\$ 22,662</u>)

Changes in net defined benefit (assets) liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Balance as of January 1, 2025	<u>\$ 327,305</u>	(<u>\$ 349,967</u>)	(<u>\$ 22,662</u>)
Financial cost			
Current service cost	770	-	770
Interest expenses (income)	<u>4,583</u>	(<u>5,080</u>)	(<u>497</u>)
Recognized in profit or loss	<u>5,353</u>	(<u>5,080</u>)	<u>273</u>
Remeasurements			
Return on plan assets (excluding the amount included in net interest)	-	(24,648)	(24,648)
Actuarial loss - change in financial assumption	3,862	-	3,862
Actuarial gain - experience adjustment	(<u>2,485</u>)	-	(<u>2,485</u>)
Recognized in other comprehensive income	<u>1,377</u>	(<u>24,648</u>)	(<u>23,271</u>)
Contribution by employer	-	(7,075)	(7,075)
Payment of benefits	(<u>15,133</u>)	<u>15,133</u>	-
	(<u>15,133</u>)	<u>8,058</u>	(<u>7,075</u>)
December 31, 2025	<u>\$ 318,902</u>	(<u>\$ 371,637</u>)	(<u>\$ 52,735</u>)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Balance as of January 1, 2024	<u>\$ 333,729</u>	<u>(\$ 319,500)</u>	<u>\$ 14,229</u>
Financial cost			
Current service cost	998	-	998
Interest expenses (income)	<u>3,488</u>	<u>(3,432)</u>	<u>56</u>
Recognized in profit or loss	<u>4,486</u>	<u>(3,432)</u>	<u>1,054</u>
Remeasurements			
Return on plan assets (excluding the amount included in net interest)	-	<u>(29,039)</u>	<u>(29,039)</u>
Actuarial gain - change in financial assumption	<u>(6,816)</u>	-	<u>(6,816)</u>
Actuarial loss - experience adjustment	<u>5,365</u>	<u>-</u>	<u>5,365</u>
Recognized in other comprehensive income	<u>(1,451)</u>	<u>(29,039)</u>	<u>(30,490)</u>
Contribution by employer	-	<u>(7,455)</u>	<u>(7,455)</u>
Payment of benefits	<u>(9,459)</u>	<u>9,459</u>	<u>-</u>
	<u>(9,459)</u>	<u>2,004</u>	<u>(7,455)</u>
December 31, 2024	<u>\$ 327,305</u>	<u>(\$ 349,967)</u>	<u>(\$ 22,662)</u>

The amount of defined benefit plan recognized in P/L is summarized by category as follows:

	2025	2024
Operating cost	<u>\$ 112</u>	<u>\$ 448</u>
Operating expenses	<u>161</u>	<u>606</u>
	<u>\$ 273</u>	<u>\$ 1,054</u>

The Company is exposed to the following risks due to the pension system under the “Labor Standards Act”:

1. Investment risk

The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company’s plan assets shall be no less than the profit that would have been yielded had the interest rate for 2-year time deposits with local banks were applied in calculation.

2. Interest rate risk

A decrease in the interest rates of government bonds leads to an increase in the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The effect of both on the net defined benefit liabilities may be partially offset against each other.

3. Salary risk

Since the present value of defined benefit obligation is calculated based on future salary of plan participants, the present value of the defined benefit obligation would be increased by an increase in the plan participants’ salary.

The Company’s present value of the defined benefit obligation was calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2025</u>
Discount rate (%)	1.30	1.55
Rate of expected salary increase (%)	2.00	2.00

If there was any reasonably possible change to the major actuarial assumptions separately, the resulting increase (decrease) in the present

value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
Increase by 0.25%	(<u>\$ 3,862</u>)	(<u>\$ 4,130</u>)
Decrease by 0.25%	<u>\$ 3,948</u>	<u>\$ 4,230</u>
Rate of expected salary increase		
Increase by 0.25%	<u>\$ 3,911</u>	<u>\$ 4,200</u>
Decrease by 0.25%	(<u>\$ 3,845</u>)	(<u>\$ 4,122</u>)

Since the actuarial assumptions might be correlated to each other and it is unlikely that a single assumption changes alone, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected contribution within 1 year	<u>\$ 18,157</u>	<u>\$ 18,738</u>
Average maturity of defined benefit obligations	4 years	5 years

XX. Equity

(I) Capital stock

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Authorized shares (in thousand shares)	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$1,800,000</u>	<u>\$1,800,000</u>
Number of issued shares fully paid (in thousand shares)	<u>162,000</u>	<u>162,000</u>
Issued capital	<u>\$1,620,000</u>	<u>\$1,620,000</u>

A share of issued common stock had a par value of NTD10 and was entitled to one voting right and dividends.

(II) Capital surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Available for makeup of loss, distribution of cash dividends, or transfer into capital (Note)		
Additional paid-in capital	\$106,385	\$106,385
Only available for makeup of loss		
Asset disposal gain	2,612	2,612
Others	<u>967</u>	<u>876</u>
	<u>\$109,964</u>	<u>\$109,873</u>

Note: These capital reserves may be used to make up losses, to distribute cash dividends, or to be transferred into the capital if the Company is not in the red. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.

(III) Retained earnings and dividend policy

According to the dividend policy prescribed in the Company's Articles of Incorporation, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated for. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserves. The remainder may be set aside as special reserves, or the previous recognized special reserves may be reversed, in accordance with laws and regulations. If there is remainder surplus, the Board of Directors shall draft a surplus distribution proposal regarding the remainder of the surplus as well as accumulated undistributed surplus, and shall submit the distribution proposal to the Shareholders Meeting for approval.

Considering capital expenditure needs and a sound financial planning requisite for sustainable development, the Company shall

distribute no less than 50% of the annual earnings as shareholder dividends in principle. The Company may distribute dividends in cash or in shares. Considering the Company's growth rate and capital expenditure status, the Company shall distribute earnings more in cash than in shares; the cash dividends distributed shall not be less than 60% of total dividends distributed in the given year.

Legal reserves may be used to make up for losses. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by no greater than 25% may be appropriated as capital or distributed in cash.

Under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards", the Corporation should appropriate or reverse a special reserve. Any special reserve appropriated may be reversed to the extent of the increase in valuation.

The earnings distribution proposal for 2024 and 2023 that was approved at the General Shareholders Meeting in May 2025 and 2024 respectively, and the dividends per share are as follows:

	Earnings Distribution		Dividend per share (NT\$)	
	Proposal		2024	2023
	2024	2023		
Legal reserve	\$ 88,067	\$ 83,017		
Cash dividends	583,200	567,000	\$ 3.6	\$ 3.5

The earnings distribution proposal for 2025 drafted at the Board of Directors meeting in March 2026 is as follows:

	Earnings	Dividend per
	Distribution	share (NT\$)
	Proposal	
Legal reserve	\$ 91,022	
Cash dividends	599,400	<u>\$ 3.7</u>

The Earnings Distribution Proposal for 2025 is pending a resolution from the General Shareholders Meeting to be held in May 2026.

(IV) Other equity

1. Exchange differences arising in the translation of foreign operations

	<u>2025</u>	<u>2024</u>
Balance - beginning of period	(\$126,385)	(\$340,618)
Exchange difference arising from translation of the net assets of foreign operations	(<u>115,178</u>)	<u>214,233</u>
Balance - end of year	(<u>\$241,563</u>)	(<u>\$126,385</u>)

2. Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income

	<u>2025</u>	<u>2024</u>
Balance - beginning of period	\$ 45,507	\$ 97,676
Recognized for the year		
Accumulated gains and losses from disposal of equity instruments are transferred to retained earnings	-	(226)
Equity instrument - unrealized gains or losses	(46,727)	(51,925)
Share of investment accounted for using equity method	<u>21</u>	(<u>18</u>)
Balance - end of year	(<u>\$ 1,199</u>)	(<u>\$ 45,507</u>)

XXI. Operating Revenue

(I) Customer contract revenue breakdown

2025

	Paint Business Department	Coating Engineering Department	Total
<u>Type of product or service</u>			
Product sales revenue	\$ 7,089,468	\$ -	\$ 7,089,468
Construction revenue	<u>-</u>	<u>825,100</u>	<u>825,100</u>
	<u>\$ 7,089,468</u>	<u>\$ 825,100</u>	<u>\$ 7,914,568</u>
<u>Primary regional markets</u>			
Taiwan	\$ 6,607,092	\$ 825,100	\$ 7,432,192
Others	<u>482,376</u>	<u>-</u>	<u>482,376</u>
	<u>\$ 7,089,468</u>	<u>\$ 825,100</u>	<u>\$ 7,914,568</u>
<u>Revenue recognition time point</u>			
At a point in time	\$ 7,089,468	\$ -	\$ 7,089,468
Fulfilled as time elapses	<u>-</u>	<u>825,100</u>	<u>825,100</u>
	<u>\$ 7,089,468</u>	<u>\$ 825,100</u>	<u>\$ 7,914,568</u>

2024

	Paint Business Department	Coating Engineering Department	Total
<u>Type of product or service</u>			
Product sales revenue	\$ 7,073,659	\$ -	\$ 7,073,659
Construction revenue	<u>-</u>	<u>472,919</u>	<u>472,919</u>
	<u>\$ 7,073,659</u>	<u>\$ 472,919</u>	<u>\$ 7,546,578</u>
<u>Primary regional markets</u>			
Taiwan	\$ 6,464,736	\$ 472,919	\$ 6,937,655
Others	<u>608,923</u>	<u>-</u>	<u>608,923</u>
	<u>\$ 7,073,659</u>	<u>\$ 472,919</u>	<u>\$ 7,546,578</u>
<u>Revenue recognition time point</u>			
At a point in time	\$ 7,073,659	\$ -	\$ 7,073,659
Fulfilled as time elapses	<u>-</u>	<u>472,919</u>	<u>472,919</u>
	<u>\$ 7,073,659</u>	<u>\$ 472,919</u>	<u>\$ 7,546,578</u>

(II) Contract balance

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable and accounts receivable	<u>\$ 1,891,938</u>	<u>\$ 1,990,653</u>	<u>\$ 1,846,366</u>
Contract assets			
Coating Engineering	<u>\$ 190,032</u>	<u>\$ 131,179</u>	<u>\$ 100,094</u>
Contract liabilities			
Coating Engineering	\$ 46,905	\$ 48,505	\$ 57,675
Product sales	<u>14,006</u>	<u>4,616</u>	<u>71</u>
	<u>\$ 60,911</u>	<u>\$ 53,121</u>	<u>\$ 57,746</u>

Changes in contract assets and contract liabilities mainly come from the difference between the points in time when the Company fulfills obligations and when customers make payments.

(III) Customer contracts outstanding

As of December 31, 2025 and 2024, transaction price allocated to unfulfilled performance obligation was NT\$1,163,215 thousand and NT\$1,493,647 thousand, respectively. The Company will recognize it as construction revenue when construction items are completed; such revenue is expected to be recognized in 1 to 3 years.

XXII. Net profits before tax

(I) Income from interest

	2025	2024
Bank deposit	\$ 5,618	\$ 3,756
Others	<u>-</u>	<u>4,903</u>
	<u>\$ 5,618</u>	<u>\$ 8,659</u>

(II) Other income

	2025	2024
Lease income	\$ 5,270	\$ 5,679
Dividend income	15,966	15,486
Subsidy income	3,164	16,245
Others	<u>7,654</u>	<u>5,735</u>
	<u>\$ 32,054</u>	<u>\$ 43,145</u>

(III) Other gains and losses

	<u>2025</u>	<u>2024</u>
Gain on financial assets at fair value through profit or loss	\$ 19,266	\$ 8,302
Net foreign exchange gain (loss)	(7,167)	30,110
Gain (Loss) on disposal of property, plant and equipment and Investment property	(5,612)	298
Others	<u>(3,022)</u>	<u>(5,908)</u>
	<u>\$ 3,465</u>	<u>\$ 32,802</u>

(IV) Financial cost

	<u>2025</u>	<u>2024</u>
Financial cost		
Interest on lease liabilities	<u>\$ 206</u>	<u>\$ 320</u>

(V) Depreciation and amortization

	<u>2025</u>	<u>2024</u>
Property, plant and equipment	\$ 81,616	\$ 69,957
Right-of-use assets	8,321	8,314
Investment property	1,684	1,684
Intangible assets	2,085	987
Others	<u>278</u>	<u>-</u>
	<u>\$ 93,984</u>	<u>\$ 80,942</u>

Summary of
depreciation by
function

Operating cost	\$ 46,653	\$ 38,108
Operating expenses	43,284	40,163
Others	<u>1,684</u>	<u>1,684</u>
	<u>\$ 91,621</u>	<u>\$ 79,955</u>

Summary of
amortization by
function

Operating cost	\$ -	\$ -
Operating expenses	<u>2,363</u>	<u>987</u>
	<u>\$ 2,363</u>	<u>\$ 987</u>

(VI) Employee benefit expenses

	<u>2025</u>	<u>2024</u>
Short-term employee benefits		
Salary	\$654,810	\$611,019
Labor insurance and health insurance	56,947	53,185
Others	<u>27,328</u>	<u>25,845</u>
	<u>739,085</u>	<u>690,049</u>
Post-employment benefit		
Defined contribution plan	21,115	19,843
Defined benefit plan	<u>273</u>	<u>1,054</u>
	<u>21,388</u>	<u>20,897</u>
	<u>\$760,473</u>	<u>\$710,946</u>
Summary by function		
Operating cost	\$265,808	\$246,609
Operating expenses	<u>494,665</u>	<u>464,337</u>
	<u>\$760,473</u>	<u>\$710,946</u>

(VII) Employee/director compensation

According to its Articles of Incorporations, the Company shall take the pre-tax profits inclusive of employee and director compensation and allocate 1% ~ 5% of such profits as employee compensation and no greater than 0.5% as director compensation. According to the amendment to the Securities and Exchange Act in August 2024, the Company plans to adopt an amendment to its Articles of Incorporations at the 2025 General Shareholders Meeting, stipulating that no less than 70% of the employee compensation shall be allocated to junior employees. The Board of Directors meetings in March 2026 and 2025 resolved on the employee compensation and director compensation estimated for 2025 and 2024, respectively - shown as follows:

	<u>2025</u>	<u>2024</u>
Employee compensation	\$ 24,432	\$ 21,903
Directors compensation	3,909	3,352

Any amount that changes after the approval and publication date of the annual individual financial statements is accounted for as changes in accounting estimates, and will be adjusted and recognized in the following year.

The actually distributed amount of employee compensation and directors compensation for 2024 and 2023 is the same as the amount recognized in the parent company only financial statements for 2024 and 2023.

The information about compensation to employees and directors determined by the Board of Directors may be viewed at TWSE's Market Observation Post System (MOPS).

XXIII. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax:

	<u>2025</u>	<u>2024</u>
Current income tax		
Tax incurred in the year	\$196,388	\$179,914
Additional levy on undistributed earnings	7,970	6,507
Adjustments for the previous year	(22,750)	25,799
Deferred income tax		
Tax incurred in the year	7,521	7,042
Adjustments for the previous year	<u>60,000</u>	<u>(3,899)</u>
	<u>\$249,129</u>	<u>\$215,363</u>

Reconciliation of accounting income and income tax is as follows:

	<u>2025</u>	<u>2024</u>
Net profits before tax	<u>\$1,140,735</u>	<u>\$1,071,416</u>
Income tax expense derived from applying the pre-tax profit to the statutory tax rate	\$ 228,147	\$ 214,283
Expense and loss not deductible from tax	9,103	9,600
Tax exempt income	(19,341)	(22,927)
Additional levy on undistributed earnings	7,970	6,507
Investment tax credits generated in the current year	(14,000)	(14,000)
Income tax adjustments for the previous year	<u>37,250</u>	<u>21,900</u>
	<u>\$ 249,129</u>	<u>\$ 215,363</u>
 (II) Income tax expense recognized in OCI		
	<u>2025</u>	<u>2024</u>
Generated in current year - defined benefit plan remeasurements	<u>\$ 4,654</u>	<u>\$ 6,098</u>
 (III) Current income tax liabilities		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current income tax liabilities		
Income tax payable	<u>\$147,601</u>	<u>\$137,252</u>

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2025

	<u>Balance - beginning of period</u>	<u>Recognize d in profit or loss</u>	<u>Recognize d in other comprehe nsive income</u>	<u>Balance - end of year</u>
<u>Deferred income tax assets</u>				
<u>Temporary differences</u>				
Unrealized loss on inventory devaluation	\$ 15,928	(\$ 5,292)	\$ -	\$ 10,636
Unrealized impairment loss	11,870	-	-	11,870
Deferred tax credit for construction structure cost	5,179	(209)	-	4,970
Unrealized allowance	5,765	645	-	6,410
Unrealized damages	508	-	-	508
Others	<u>1,585</u>	<u>(2,665)</u>	<u>5,893</u>	<u>4,813</u>
	<u>\$ 40,835</u>	<u>(\$ 7,521)</u>	<u>\$ 5,893</u>	<u>\$ 39,207</u>
<u>Deferred income tax liabilities</u>				
<u>Temporary differences</u>				
Land value increment tax	\$ 82,778	\$ -	\$ -	\$ 82,778
Subsidiary's projected earning distribution	-	60,000	-	60,000
Net defined benefit assets	<u>-</u>	<u>-</u>	<u>10,547</u>	<u>10,547</u>
	<u>\$ 82,778</u>	<u>\$ 60,000</u>	<u>\$ 10,547</u>	<u>\$153,325</u>

2024

	Balance - beginning of period	Recognize d in profit or loss	Recognize d in other comprehe nsive income	Balance - end of year
Deferred income tax assets				
Temporary differences				
Unrealized loss on inventory devaluation	\$ 16,358	(\$ 430)	\$ -	\$ 15,928
Unrealized impairment loss	11,870	-	-	11,870
Deferred tax credit for construction structure cost	5,388	(209)	-	5,179
Unrealized allowance	6,172	(407)	-	5,765
Unrealized damages	508	-	-	508
Others	<u>9,780</u>	<u>(2,097)</u>	<u>(6,098)</u>	<u>1,585</u>
	<u>\$ 50,076</u>	<u>(\$ 3,143)</u>	<u>(\$ 6,098)</u>	<u>\$ 40,835</u>
Deferred income tax liabilities				
Temporary differences				
Land value increment tax	<u>\$ 82,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,778</u>

(V) Total amount of temporary difference which is related to investment and for which no deferred income tax liability is recognized

As of December 31, 2025 and 2024, taxable temporary difference which is related to investment in subsidiaries or associates and for which no deferred tax liability is recognized was 1,679,685 thousand and NT\$2,033,839 thousand, respectively.

(VI) Authorization of income tax

The Company's profit-seeking enterprise income tax filings have been approved by the tax authority through 2023.

XXIV. Earnings per share

The earnings and the weighted average number of common shares used for calculating earnings per share are as follows:

Net profit in the current year

	<u>2025</u>	<u>2024</u>
Net profit in the current year	<u>\$891,606</u>	<u>\$856,053</u>

Shares

Unit: 1,000 shares

	<u>2025</u>	<u>2024</u>
Weighted average number of common shares used for calculating basic earnings per share	162,000	162,000
Plus: Potential common shares that are dilutive - employee compensation	<u>374</u>	<u>338</u>
Weighted average number of shares used for calculating diluted earnings per share	<u>162,374</u>	<u>162,338</u>

Where the Company may elect to distribute employee remuneration in shares or in cash, when calculating the diluted EPS, the Company assumes that all employee remuneration is distributed in shares and counts the potentially dilutive common shares - when deemed dilutive - in the weighted average number of shares outstanding. The Group continues to consider the dilutive effect of such potentially delusive common shares when calculating the dilutive EPS before the number of share dividends is to be resolved on in the following year.

XXV. Capital risk management

Capital management by the Company is to optimize debt and equity balance to effectively use capital and ensure smooth operations of the Company.

The overall strategy of the Company doesn't change. Since the Company's capital structure is composed of net liability and equity, it does not have to comply with other external capital requirement.

XXVI. Financial instruments

- (I) Fair value information – financial instruments not measured at fair value

The carrying amount of the Company's financial instruments not measured at fair value, e.g., cash and cash equivalents, receivables, and payables, is a reasonable approximation of fair value.

- (II) Fair value information – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

<u>December 31, 202</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Fund benefit certificate	<u>\$241,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$241,151</u>
Financial assets at fair value through other comprehensive income				
TWSE-listed stocks	\$338,055	\$ -	\$ -	\$338,055
Domestic shares not traded on an exchange or OTC	<u>-</u>	<u>-</u>	<u>30,176</u>	<u>30,176</u>
	<u>\$338,055</u>	<u>\$ -</u>	<u>\$ 30,176</u>	<u>\$368,231</u>

<u>December 31, 2024</u>				
Financial assets at fair value through profit or loss				
Fund benefit certificate	<u>\$415,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$415,223</u>
Financial assets at fair value through other comprehensive income				
TWSE-listed stocks	\$385,527	\$ -	\$ -	\$385,527
Domestic shares not traded on an exchange or OTC	<u>-</u>	<u>-</u>	<u>29,431</u>	<u>29,431</u>
	<u>\$385,527</u>	<u>\$ -</u>	<u>\$ 29,431</u>	<u>\$414,958</u>

There was no transfer between Level 1 and Level 2 fair value measurement in 2025 and 2024.

2. Reconciliation of the financial assets measured at Level 3 fair value

	<u>Financial assets at fair value through other comprehensive income</u>	
	<u>2025</u>	<u>2024</u>
Balance - beginning of period	\$ 29,431	\$ 29,567
Recognized in other comprehensive income	<u>745</u>	<u>(136)</u>
Balance - end of year	<u>\$ 30,176</u>	<u>\$ 29,431</u>

3. Level 3 fair value valuation techniques and inputs

Shares not traded on an exchange or OTC were estimated based on the company's net worth.

(III) Type of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 241,151	\$ 415,223
Financial assets at fair value through other comprehensive income - Equity instrument investment	368,231	414,958
Financial assets at amortized cost (Note 1)	3,076,296	2,627,626
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,018,390	1,029,403

Note 1: The balance includes financial assets measured at amortized cost, e.g., cash and cash equivalents, other financial assets, notes receivable (including those due from related parties), accounts receivable (including those due from related parties), other receivables (including those due from related parties), financial assets at amortised cost and guarantee deposit paid.

Note 2: The balance included the financial liabilities measured at amortized cost such as short-term borrowings, notes payable, accounts payable, other payables, refund liabilities, and guarantee deposits received.

(IV) Financial risk management purpose and policy

The Company's financial risk management objectives are to manage the market risk, credit risk, and liquidity risk arising from operations. We also identify, measure, and manage the said risks according to our policy and risk preference, and seek to reduce the potentially adverse impact on the Company's financial position and financial performance.

The Company has put the said financial risk management policy in writing based on applicable regulations. Risk management work is carried out through close collaboration between the Company's business units and financial department, which are responsible for identifying, assessing, and avoiding financial risks and implementing the policy approved by the Board of Directors.

1. Market risk

(1) Exchange rate risk

The Company is exposed to the risk of exchange rate changes because it participates in purchase or sale transactions denominated in a currency other than its functional currency.

For the book value of the Company's monetary financial assets and monetary financial liabilities denominated in a currency other than the functional currency on the balance sheet date, refer to Note 31.

The Company is affected primarily by fluctuation in the exchange rate of USD. Below is a sensitivity analysis of the scenarios in which the exchange rate of each functional currency against each relevant foreign currency increases or decrease by 1%. The 1% represents the Company's assessment of a reasonable range of exchange rate change.

The sensitivity analysis includes only the foreign currency monetary items still outstanding on the balance sheet date. Scenario 1 as described in the following table represents the Company's profit or loss had each functional currency appreciated by 1% against USD. Scenario 2 as described in the following table represents the Company's profit or loss had each functional currency depreciated by 1% against USD.

	Effect of USD currency (Note)	
	2025	2024
Scenario 1 - Pre-tax profit or loss	(\$ 4,714)	(\$ 2,783)
Scenario 2 - Pre-tax profit or loss	4,714	2,783

Note: Mainly comes from cash and cash equivalents, receivables, other receivables, short-term borrowings, and payables which were still outstanding on the balance sheet date and for which no cash flow hedge is purchased.

(2) Interest rate risk

The Company's interest rate risk mainly comes from bank deposits and repo bonds, by which the interest income generated would be impacted if interest rate changes. The Company does not expect to be significantly impacted by interest rate change.

(3) Other price risk

The Company is exposed to the risk of equity price change because it invests in domestic and foreign listed and unlisted shares, and fund benefit certificate.

If equity price goes down/up 1%, the pre-tax profit for 2025 and 2024 will go down/up NT\$2,412 thousand and NT\$4,152 thousand, respectively, due to changes in the fair value of financial assets at fair value through profit or loss, and other comprehensive income for 2025 and 2024 will go down/up NT\$3,682 thousand and NT\$4,150 thousand, respectively, due to changes in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of financial loss from the failure of customers or financial instrument counterparties to fulfill their obligations, and mainly comes from the Company's bank deposits, other financial instruments, and the receivables due from customers that are generated from operations,

Operations manage customer credit risk based on the Company's customer credit risk management policy, procedures, and control. Such assessment accounts for the customer's financial condition, past transaction record, current economic environment, and the Company's internal credit rating. In addition, where appropriate, the Company uses some credit enhancement (e.g., trade advance, asset as collateral, etc.) to reduce the credit risk from certain customers.

As of December 31, 2025 and 2024, the Company did not have a single customer which individually accounted for 10% or more of the Company's receivables. Therefore, the receivables did not have a concentrated credit risk.

The financial department manages the credit risk accompanying bank deposits and other financial instruments according to the Company's policy. The Company's counterparties are all creditable banks, posing insignificant concern over default.

3. Liquidity risk

The Company's financial department monitors the forecast of the Company's liquidity needs to ensure that sufficient fund is available to meet operational needs, and maintains an amount of committed loan that is sufficient and left intact, at all times. As of December 31, 2025 and 2024, the amount of the Company's committed loans which have yet to be drawn on was

NT\$1,084,614 thousand and NT\$1,241,591 thousand, respectively.

The remaining contractual maturity analysis for non-derivative financial liabilities was compiled based on the undiscounted cash flows from financial liabilities (including principal and estimated interest) on the earliest date on which the Company will be demanded to pay. Therefore, the bank loans which the Company is able to pay in full immediately if so demanded are listed in the earliest interval in the following table, without factoring in the chance of banks' immediate execution of the right. The maturity analysis for other non-derivative financial liabilities was compiled based on the repayment date specified on the contract.

	Within 1 year	1~5 years	More than 5 years	Total
<u>December 31, 2025</u>				
Non-derivative financial liabilities				
Non interest bearing debt	\$1,007,112	\$ 5,892	\$ -	\$1,013,004
Floating rate liability	5,386	-	-	5,386
Lease liabilities	8,466	1,089	-	9,555
	<u>\$1,020,964</u>	<u>\$ 6,981</u>	<u>\$ -</u>	<u>\$1,027,945</u>
<u>December 31, 2024</u>				
Non-derivative financial liabilities				
Non interest bearing debt	\$1,015,226	\$ 5,918	\$ -	\$1,021,144
Floating rate liability	8,259	-	-	8,259
Lease liabilities	8,099	8,108	-	16,207
	<u>\$1,031,584</u>	<u>\$ 14,026</u>	<u>\$ -</u>	<u>\$1,045,610</u>

XXVII. Related Party Transactions

<u>Name of related party</u>	<u>Relationship with the Company</u>
Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD. (YUNG CHI Kunshan)	Subsidiary
YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD. (YUNG CHI Jiaxing)	Subsidiary

YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD. (YUNG CHI Vietnam)	Subsidiary
YUNG CHI PAINT & VARNISH MFG. (Malaysia) CO., LTD. (YUNG CHI Malaysia)	Subsidiary
Continental Coatings, Inc. (Continental)	Subsidiary
Jieyou Industrial Co., Ltd.	Substantive related party
Sanxiangmin Co., Ltd.	Substantive related party
JAUH - HSING ENTERPRISE CO., LTD.	Substantive related party
Yung Yu Paint Shop	Substantive related party
YUNG FEW PAINT CO., LTD. Chang Te-Hsiung	Substantive related party Member of the Company's key management
Chang Te-Jen	Member of the Company's key management
Chang Te-Sheng	Member of the Company's key management

Transactions between the Company and related parties are as follows:

(I) Operating revenue

General ledger account	Type of related party	2025	2024
Goods sales revenue	The Company assumes the key management role in other company.	\$ 453,413	\$ 429,599
	Subsidiary	316,369	496,560
	Substantive related party	<u>144,871</u>	<u>130,467</u>
		<u>\$ 914,653</u>	<u>\$ 1,056,626</u>

The products sold by the Company to subsidiaries are mainly preliminarily processed raw materials. The selling price is based on the cost-plus pricing method. Currently, there is no similar transaction which can be used as comparison. In addition, the terms for sale to related parties are the same as those for an arm's length transaction.

(II) Purchase

Type of related party	2025	2024
Subsidiary	<u>\$ 94,165</u>	<u>\$ 97,024</u>

The price of products sold by related parties to the Company is based on market price; there is no comparably similar transaction between the Company and other related party.

(III) Receivables due from related parties

General ledger account	Name and type of related party	December 31, 2025	December 31, 2024
Notes receivable and accounts receivable	The Company assumes the key management role in other company. Subsidiary	\$ 87,413	\$ 120,253
	Substantive related party	<u>72,861</u> <u>75,702</u>	<u>147,272</u> <u>71,815</u>
		<u>\$ 235,976</u>	<u>\$ 339,340</u>
Other receivables	Subsidiary YUNG CHI Kunshan YUNG CHI Malaysia YUNG CHI Vietnam YUNG CHI Jiaxing Continental Substantive related party	\$ - 10,278 2,912 10,099 107 <u>233</u>	\$ 10,996 14,823 7,462 18 83 <u>200</u>
		<u>\$ 23,629</u>	<u>\$ 33,582</u>

(IV) Payables due to related parties (excluding financing facilities)

General ledger account	Type of related party	December 31, 2025	December 31, 2024
Accounts payable	Subsidiary	<u>\$ 4,282</u>	<u>\$ 5,897</u>
Other payables	Substantive related party	<u>\$ 2,249</u>	<u>\$ 2,297</u>

The outstanding balance of the payables due to related parties was not secured against collateral.

(V) Joint suretyship:

Joint surety for short-term borrowings as of December 31, 2025 and 2024 was provided by the key management.

(VI) Other related party transactions

1. Lease agreements

The Company leased operational premises and shipping hubs from substantive related parties and members of the Company's key management. The lease term was 3 years and the rental, which was negotiated upon by referencing the rental charged in nearby areas, did not differ significantly from general lease terms and conditions. Lease liabilities recognized by the Company for said leases amounted to NT\$7,337 thousand and NT\$14,546 thousand as of December 31, 2025 and 2024, respectively.

2. Commissioned processing fee

The Group's fire resistance coating materials are processed by a substantive related party on a commission basis. The said expenses for 2025 and 2024 amounted to NT\$27,435 thousand and NT\$19,206 thousand, respectively. There was no transaction between the Company and other related parties which is similar enough for comparison.

3. Below are the details of transactions in which the Company purchased raw materials, machinery and equipment, and hardware parts on behalf of subsidiaries in 2025 and 2024:

Counterparty	Transaction content	Transaction price	
		2025	2024
Subsidiary	Purchase of material on behalf of another party	\$120,480	\$156,257
	Purchase of equipment and hardware parts on behalf of others	2,308	1,886
		<u>\$122,788</u>	<u>\$158,143</u>

The income generated from the Company's purchase of said items on behalf of related parties (recognized as other income) amounted to NT\$1,358 thousand and NT\$1,086 thousand.

Below are the receivables (recognized as other receivables) generated from the said transactions made on behalf of others, as of December 31, 2025 and 2024:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary	<u>\$ 23,396</u>	<u>\$ 33,382</u>

The credit period for receivables arising from the Company's purchase of said items on behalf of related parties is between 90 days to 100 days.

(VII) Remuneration to key management

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 39,483	\$ 34,986
Post-employment benefit	<u>1,081</u>	<u>1,140</u>
	<u>\$ 40,564</u>	<u>\$ 36,126</u>

XXVIII. Pledged and Mortgaged Assets

The following assets were provided as collateral for short-term borrowings guarantees of import tariffs or L/C issuance:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment - net	\$359,469	\$360,836
Reserve deposit	20,061	19,950
Other financial assets - time deposit	<u>8,400</u>	<u>400</u>
	<u>\$387,930</u>	<u>\$381,186</u>

XXIX. Material contingent liabilities and unrecognized contractual commitments

As of December 31, 2025, the Company had the following material commitments yet to be fulfilled:

- (I) The L/Cs issued for purchase of materials but not used amounted to about NT\$14,963 thousand.

- (II) The guarantee letter issued by financial institutions for performance of contractual obligations amounted to about NT\$125,797 thousand.
- (III) The unfulfilled obligations under construction contracts undertaken amounted to about NT\$1,163,215 thousand.

XXX. Events after the Reporting Period

Yung Chi Paint & Varnish Mfg. (Kunshan) Co., Ltd. is not located within a chemical industrial park designated under local government planning and is therefore unable to meet the requirements for relevant industrial upgrading. In light of increasingly stringent regulatory and operating environment constraints, the Board of Directors resolved in March 2026 to transfer all existing orders of Yung Chi Paint & Varnish Mfg. (Kunshan) Co., Ltd. to Yung Chi Paint & Varnish Mfg. (Jiaying) Co., Ltd. for production. Yung Chi Paint & Varnish Mfg. (Kunshan) Co., Ltd. has ceased all production. The above action is not expected to have a material impact on the Group's overall operations.

XXXI. Information on foreign currency assets and liabilities with significant effects

The following information is summarized and stated based on the foreign currencies other than the functional currency of the Company. The disclosed exchange rate represents the exchange rate of such foreign currency against the functional currency. Information on foreign currency assets and liabilities with significant effects is as follows:

Unit: In thousand foreign currency; exchange rate: dollars

<u>December 31, 2025</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
Foreign currency assets			
Monetary items			
USD	\$ 15,906	31.38	\$ 499,127
CNY	5,130	4.471	22,937
Non-monetary items			
Investments accounted for using equity method			
USD	136,225	31.38	4,253,340
Foreign currency liabilities			

Monetary items			
USD	879	31.48	27,680
<hr/>			
December 31, 2024			
<hr/>			
Foreign currency assets			
Monetary items			
USD	\$ 9,181	32.735	\$ 300,545
CNY	17,152	4.453	76,380
Non-monetary items			
Investments			
accounted for using			
equity method			
USD	131,472	32.735	4,303,729
Foreign currency liabilities			
Monetary items			
USD	678	32.835	22,255

The Company's net foreign currency exchange gains (losses) (including realized and unrealized) were losses of NT\$7,167 thousand and gains of NT\$30,110 thousand for the years ended December 31, 2025 and 2024, respectively.

XXXII. Supplementary Disclosures

(I) Significant Transactions and (II) Information on Investees

1. Loaning of funds to others: None. Appendix Table 1
2. Making endorsements/guarantees for others: Appendix Table 2.
3. Significant marketable securities held at the end of year (excluding investment in subsidiaries and associates): Appendix Table 3
4. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Appendix Table 4.
5. Receivables due from related parties reaching NT\$100 million or 20% of paid-in capital or more: Appendix Table 5.
6. Information on investees: Appendix Table 6.

(III) Information on Investments in Mainland China

1. Name of investees in China; major business activities; paid-in capital; investment method; inward and outward remittance; shareholding percentage; investment gains or losses; carrying amount of investments at the end of year; investment gain (loss) remitted back; and limit on the amount of investment in China: Appendix Table 7.
2. Major transactions made with China investees through a third region, either directly or indirectly, and the price, payment terms, and unrealized gains or losses thereof:
 - (1) Purchase amount and the percentage thereof, and balance of related payables and the percentage thereof at the end of year

The purchase amount made by the Company from the subsidiary YUNG CHI Kunshan in 2025 was as follows:

	<u>Purchase amount</u>	<u>Payables at the end of year</u>
YUNG CHI Kunshan	<u>\$ 93,900</u>	<u>\$ 4,023</u>

The price of goods purchased by the Company from YUNG CHI Kunshan is formulated by referencing the market price; the average credit period is about three months after acceptance of goods or receipt of required payment requisition documents.

- (2) Sales amount and the percentage thereof, and balance of related receivables and the percentage thereof at the end of year

The amount of sales made by the Company to the subsidiary YUNG CHI Kunshan in 2025 was as follows:

	<u>Sales amount</u>	<u>Accounts receivable at the end of year</u>
YUNG CHI Kunshan	<u>\$ 28,093</u>	<u>\$ -</u>

The price of goods sold by the Company to YUNG CHI Kunshan is set by using the cost-plus pricing approach; the average credit period is about 90 days to 100 days. The unrealized sales gain of NT\$2,031 thousand as of December 31, 2025 was arising from the Company's sale of goods to YUNG CHI Kunshan.

- (3) Asset transaction price and the amount of gain or loss arising therefrom: None.
- (4) The balance and purpose of endorsements and guarantees made for notes, or collateral provided, at the end of the year: None.
- (5) Financing facilities in terms of maximum balance, year-end balance, interest interval, and total interest in the same year: None.
- (6) Transactions significantly affected the profit or loss or financial position in the current year

Below are the details of transactions in which the Company purchased raw materials on behalf of YUNG CHI Kunshan in 2025:

	Transaction content	Transaction price	Other receivables at the end of year
YUNG CHI Kunshan	Purchase of material on behalf of another party	<u>\$24,778</u>	<u>\$ -</u>

XXXIII. Segment Information

Segment information is exempted from having to be included in the parent company only financial statements.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Loans to others

January 1 through December 31, 2025

Appendix Table 1

Unit: NT\$1,000

No.	Lending company	Borrowing company	Financial account	Whether a related party or not	Maximum balance during the period	Balance, end of period	Drawdown (Note 2)	Interest rate range (%)	Nature of loaning of funds	Business transaction amount	Reasons for the need of short-term financing	Appropriated provisions	Collateral		Limit of loans to a single borrower (Note 1)	Limit of total loaning of funds (Note 1)	Remarks
													Name	Value			
1	YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	Other receivables	Yes	\$445,793	\$445,793	\$351,971	2	Short-term financing fund	\$ -	Working capital	\$ -	None	\$ -	\$ 558,275	\$ 558,275	

Note 1: According to the "Regulations Governing Loaning of Funds" of YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD., the amount of intra-group loaning of funds made by an individual group entity or all group entities must not exceed 100% of the Company's paid-in capital.

Note 2: This is the amount converted using the exchange rates at the end of drawdown month.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Making endorsements/guarantees for others

January 1 through December 31, 2025

Appendix Table 2

Unit: NT\$1,000

No.	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsement/guarantees provided for a single party (Note 2)	Maximum balance for the period	Ending balance	Drawdown	Amount of endorsement/guarantees collateralized with properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statement (%)	Highest limit (Note 2)	Guarantee provided by parent company to subsidiary	Guarantee provided by subsidiary to a parent company	Guarantee provided to entities in Mainland China	Remarks
		Company name	Relationship (Note 1)											
0	The Company	Twinahed International Material Co., Ltd.	1	324,000	33,290	33,290	-	-	0.32	648,000	N	N	N	
0	The Company	Superkuma International Co., Ltd.	1	324,000	98,001	-	-	-	-	648,000	N	N	N	
0	The Company	Jusheng Co., Ltd.	1	324,000	31,835	-	-	-	-	648,000	N	N	N	
0	The Company	Chief-Go Co., Ltd.	1	324,000	99,786	99,786	-	-	0.96	648,000	N	N	N	
0	The Company	Quan Shao Industrial Co., Ltd.	1	324,000	24,302	24,302	-	-	0.23	648,000	N	N	N	
0	The Company	Quan Cheng Industrial Co., Ltd.	1	324,000	7,560	7,560	-	-	0.07	648,000	N	N	N	
0	The Company	Quan Young Engineering Co., Ltd.	1	324,000	6,326	6,326	-	-	0.06	648,000	N	N	N	

Note 1: Companies with which the Company transacts.

Note 2: This is in accordance with the Company's Regulations for Making of Endorsements and Guarantees, which cap the Company's provision of endorsement and guarantee at 40% of the Company's paid-in capital, and which also cap the Company's provision of endorsement and guarantee for a single enterprise at 20% of the Company's paid-in capital.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Significant Marketable Securities Held at the End of Period

December 31, 2025

Appendix Table 3

Unit: NT\$ thousand, unless otherwise stated

Investor	Type and name of marketable securities	Relationship with the securities issuer	General ledger account	End of Period				Remarks
				Shares/units	Book value	Shareholding Percentage (%)	Fair value	
The Company	Fund benefit certificate Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss-current	8,232,970	\$118,303	-	\$118,303	
	Fubon Chi-Hsiang Money Market Fund		Financial assets at fair value through profit or loss-current	6,164,810	102,208	-	102,208	
	Common shares China Steel Structure Co., Ltd.		Financial assets at fair value through other comprehensive income - current	5,000,000	209,500	2.50	209,500	
	Sheng Yu Steel Co., Ltd.		The Company assumes the key management role in other company.	Financial assets at fair value through other comprehensive income - current	3,668,477	77,955	1.14	77,955

Note 1: Declared bankrupted by the bank.

Note 2: Suspended operations.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

January 1 through December 31, 2025

Appendix Table 4

Unit: NT\$ thousand, unless otherwise stated

Purchase from (sale to)	Transaction counterparty	Relationship	Transaction details				Occurrence of transaction terms other than those for an arms-length transaction and reasons therefor		Notes/Accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio to total purchase (sales) (%)	Credit period	Unit price	Credit period	Balance	Ratio to total notes and accounts receivable (payable)	
The Company	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	Sales	\$453,413	4.63	The credit periods average 90 days to 100 days.	\$ -	-	\$ 87,413	3.83	
	Continental Coatings, Inc.	Subsidiary	Sales	180,272	1.84	The credit periods average 90 days to 100 days.	-	-	54,581	2.39	
	Yung Few Paint Co., Ltd.	Substantive related party	Sales	143,951	1.47	The credit periods average 90 days to 180 days.	-	-	75,597	3.32	
Yung Chi Paint & Varnish Mfg. (Kunshan) Co., Ltd.	Yung Chi Paint & Varnish Mfg. (Jiaxing) Co., Ltd.	Fellow subsidiary	Sales	188,338	1.92	The credit periods average payment at sight to 30 days.	-	-	183,018	8.03	

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Receivables due from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2025

Appendix Table 5

Unit: NT\$ thousand, unless otherwise stated

Company from which receivables are due	Transaction counterparty	Relationship	Item	Balance of receivables due from related parties	Turnover rate	Overdue receivables due from related parties		Receivables due from related party that were recovered after the reporting period	Appropriated allowance for bad debt
						Amount	Handling method		
Yung Chi Paint & Varnish Mfg. (Kunshan) Co., Ltd.	Yung Chi Paint & Varnish Mfg. (Jiaxing) Co., Ltd.	Fellow subsidiary	Other receivables	\$371,429	- (Note)	\$ -	-	\$ -	\$ -
Yung Chi Paint & Varnish Mfg. (Kunshan) Co., Ltd.	Yung Chi Paint & Varnish Mfg. (Jiaxing) Co., Ltd.	Fellow subsidiary	Accounts receivable	183,018	1.95	-	-	5,348	-

Note: Other receivables

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Information on investees

January 1 through December 31, 2025

Appendix Table 6

Unit: NT\$ thousand, unless otherwise stated

Name of investor	Investee	Region	Main business line	Original investment amount		Held at the period-end			Net Profit (Loss) of Investee Company in the period	Investment Gains (Losses) Recognized in the Period	Remarks
				End of This Period	End of This Period End of Previous Year	Shares	Percentage (%)	Book value			
The Company	Bmass Investment Co., Ltd	British Virgin Islands	Professional investment company	\$ 652,182	\$ 652,182	16,714,658	94	\$ 2,681,346	(\$ 23,918)	(\$ 22,500)	Subsidiary
The Company	Cmass Investment Co., Ltd	Samoa	Professional investment company	755,921	755,921	23,800,000	100	912,313	52,371	52,371	Subsidiary
The Company	Emass Investment International Co., Ltd	Samoa	Professional investment company	858,390	858,390	22,020,000	100	659,681	33,758	33,758	Subsidiary
The Company	PPG Yung Chi Coatings Co., Ltd	Vietnam	Paint and pigments manufacture	30,797	30,797	-	35	23,636	(5,964)	(2,152)	Associate
Cmass Investment Co., Ltd	Dmass Investment International Co., Ltd	Samoa	Professional investment company	755,921	755,921	23,800,000	100	914,507	52,367	52,367	Subsidiary
Emass Investment International Co., Ltd	Yung Chi America Corp	USA	Professional investment company	858,390	858,390	2,202,000	100	668,244	33,758	33,758	Subsidiary
Yung Chi America Corp	Continental Coatings, Inc.	USA	Sale and processing of paints	507,554	507,554	10,736,000	100	363,817	38,472	38,472	Subsidiary
Dmass Investment International Co., Ltd	Bmass Investment Co., Ltd	British Virgin Islands	Professional investment company	138,420	138,420	1,053,408	6	169,669	(23,918)	(1,418)	Subsidiary
Dmass Investment International Co., Ltd	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)	Vietnam	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	488,081	488,081	-	100	515,819	41,866	41,866	Subsidiary
Dmass Investment International Co., Ltd	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	Malaysia	Manufacture and sale of paints	383,127	383,127	44,552,170	100	210,801	1,810	1,810	Subsidiary
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	ILT Engineering Sdn Bhd	Malaysia	Thermal insulation and painting projects	16,011	16,011	1,960,000	49	5,815	(2,420)	(1,186)	Associate

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Information on Investments in Mainland China

January 1 through December 31, 2025

Appendix Table 7

Unit: NT\$ thousand, unless otherwise stated

Investee in Mainland China	Main business line	Paid-in Capital	Method of investment	Accumulated amount of investments from Taiwan at the beginning of current period	Amount of investments remitted or recovered in this period		Accumulated amount of investments from Taiwan at the end of period	Profit (loss) of investee in the current period (Note 1)	The Company's shareholding of direct or indirect investment	Investment gains of losses recognized in current period (losses)	Investment book value at the end of the period	Profit received from investments as of the end of current period	Remarks
					Outflow	Inflow							
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	\$ 394,977	Investment in China through a company in a third region	\$ 483,140	\$ -	\$ -	\$ 483,140	\$ 24,673	100.00	\$ 24,673	\$ 1,587,356	\$ 1,366,447	-
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	1,517,013	Investment in China through a company in a third region	158,460	-	-	158,460	(48,826)	100.00	(48,826)	1,175,580	-	-

Name of investor	Accumulated amount of investments from Taiwan to Mainland China at the end of period (Note 2)	Investment amount approved by the Investment Review Committee, MOEA (Note 3)	Limit on the Company's investment in China (Note 4)
The Company	\$ 652,182	\$ 1,161,060	\$ 6,257,654

Note 1: The investment gain or loss is recognized based on the Taiwan parent's financial statements audited and attested by CPAs.

Note 2: The accumulated investment amount remitted from Taiwan to Bmass at the end of this year was US\$20,132 thousand, but the amount actually invested in YUNG CHI Kunshan and YUNG CHI Jiaxing by Bmass was US\$11,687 thousand and US\$ 5,132 thousand, respectively.

Note 3: This is the amount converted using the exchange rates at the end of December 2025.

Note 4: Calculated by the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" promulgated by the Investment Review Committee on August 29, 2008: Net worth \$10,429,424×60% = \$6,257,654。

§ Schedule of Major Accounts §

Item	No./Index
Schedule of Assets, Liabilities, and Equity Items	
Schedule of cash and cash equivalents	Schedule 1
Financial assets at fair value through profit or loss-current	Schedule 2
Financial assets at fair value through other comprehensive income - current	Schedule 3
Schedule of Notes Receivable	Schedule 4
Schedule of Accounts receivable Receivable	Schedule 5
Schedule of Other Receivables	Schedule 6
Schedule of Inventories	Schedule 7
Schedule of other financial assets	Note 11
Schedule of other current assets	Schedule 8
Schedule of changes in financial assets at fair value through other comprehensive income - non-current	Schedule 9
Schedule of Non-current financial assets at amortised cost	Schedule 10
Schedule of Investments Accounted for Using Equity Method	Schedule 11
Schedule of Changes in Property, Plant, and Equipment and Accumulated Depreciation	Note 13
Schedule of Changes in Right-of-use Assets and Accumulated Depreciation	Schedule 12
Schedule of Changes in Investment Property and Accumulated Depreciation	Note 15
Schedule of deferred income tax assets	Note 23
Short-term borrowings	Schedule 13
Schedule of Notes Payable	Schedule 14
Schedule of Accounts Payable	Schedule 15
Schedule of Other Payables	Note 17
Schedule of Lease Liability	Schedule 16
Provisions - non-current	Note 18
Schedule of deferred income tax liabilities	Note 23
Schedule of Profit or Loss Items	
Schedule of Operating Revenue	Schedule 17
Schedule of Operating Costs	Schedule 18
Schedule of Operating Expenses	Schedule 19
Schedule of Other Income and Expenses	Note 22 (3)
Schedule of Employee Benefits, Depreciation, and Amortization	Schedule 20

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of cash and cash equivalents

December 31, 2025

Schedule 1

Unit: NT\$1,000 thousand, unless
otherwise stated

Item	Maturity date	Annual interest rate (%)	Amount
Cash on hand and working capital			\$ 2,541
Bank check and demand deposit (including USD 1,508 thousand、RMB 1,223 thousand and SGD417 thousand) (Note)			783,945
Time deposits (including USD 10,0000 thousand) (Note)	115.01.24~ 115.03.24	3.7~3.85	313,800
			<u>\$1,100,286</u>

Note: USD、RMB and SGD are converted at the exchange rates of
US\$1=NT31.38、CNY1=NT4.471 and SGD1= NT24.36 respectively.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Financial assets at fair value through profit or loss - current

December 31, 2025

Schedule 2

Unit: NT\$1,000 thousand, unless
otherwise stated

Name of marketable securities	Units	Cost	Fair Value (Note)		Remarks
			Unit price (NT\$)	Total amount	
Taishin 1699 Money Market Fund	8,232,970	\$ 114,708	\$14.3694	\$ 118,303	
Fubon Jixiang Money Market Fund	6,164,810	100,000	16.5793	102,208	
Yuanta Global AI New Economy Active ETF	1,000,000	10,000	10.21	10,210	
Capital Taiwan Technology Innovation Active ETF	1,000,000	10,000	10.43	10,430	
				<u>\$241,151</u>	

Note: The fair value is calculated on the basis of the net value of funds at the balance sheet date.

YUNG CHI PAINT & VARNISH MFG. CO., LTD
Financial assets at fair value through other comprehensive income - current
December 31, 2025

Schedule 3

Unit: NT\$ thousand, unless otherwise stated

Name of financial products	Shares	Face value (NT\$)	Total amount	Acquisition cost	Accumulated impairment loss	Fair value (Note)		Remarks
						Unit price (NT\$)	Total amount	
TWSE-listed stocks								
Sheng Yu Steel Co., Ltd.	3,668,477	\$10	\$ 36,685	\$ 56,173	\$ -	\$ 21.25	\$ 77,955	
China Steel Structure Co., Ltd.	5,000,000	10	50,000	134,011	-	41.90	209,500	
Aerospace Industrial Development Corporation	1,000,000	10	<u>10,000</u>	<u>49,383</u>	<u>-</u>	50.60	<u>50,600</u>	
			<u>\$ 96,685</u>	<u>\$ 239,567</u>	<u>\$ -</u>		<u>\$ 338,055</u>	

Note: The fair value is calculated by taking the closing price on the balance sheet date.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Notes Receivable

December 31, 2025

Schedule 4

Unit: NT\$1,000

<u>Customer name</u>	<u>Amount (Note 2)</u>	<u>Remarks</u>
Related party		
YUNG FEW PAINT CO., LTD.	\$ 45,284	Sales proceeds
Less: loss allowance	<u>906</u>	
	<u>\$ 44,378</u>	
Not a related party		
FAN-GAO Engineering Co., Ltd.	\$ 73,590	Sales proceeds
SOON-XIN INDUSTRIAL CO., LTD	46,143	Sales proceeds
HUI-YANG Machinery Co., Ltd.	20,010	Sales proceeds
Others (Note 1)	<u>149,649</u>	
	289,392	
Less: loss allowance	<u>5,785</u>	
	<u>\$283,607</u>	

Note 1: The balance of each individual customer did not exceed 5% of this account.

Note 2: There were no notes receivable whose maturity were more than one year.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Accounts Receivable

December 31, 2025

Schedule 5

Unit: NT\$1,000

Customer name	Amount	Remarks
Related party		
Sheng Yu Steel Co., Ltd.	\$ 89,197	Sales proceeds
Continental Coatings, Inc.	54,581	Sales proceeds
YUNG FEW PAINT CO., LTD.	31,856	Sales proceeds
Others (Note 2)	<u>18,387</u>	
	194,021	
Less: loss allowance	<u>2,423</u>	
	<u>\$ 191,598</u>	
Not a related party		
YIEH PHUI ENTERPRISE CO.,LTD.	\$ 87,178	Sales proceeds
EVERGREEN STEEL CORPORATION	90,722	Sales and project proceeds
Others (Note 2)	<u>1,236,630</u>	(Note 1)
	1,414,530	
Less: loss allowance	<u>42,175</u>	
	<u>\$1,372,355</u>	

Note 1: The accounts receivable more than 270 days past due amounted to NT\$25,129 thousand, for which the Company already set aside a provision of NT\$12,781 thousand.

Note 2: The balance of each individual customer did not exceed 5% of this account.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Other Receivables

December 31, 2025

Schedule 6

Unit: NT\$1,000

Item	Amount
Related party	
Purchase of materials, machinery and equipment, and hardware on behalf of another party	\$ 23,396
Human resource support service receivable	<u>233</u>
	<u>\$ 23,629</u>
Not a related party	
Material purchase discount receivable	\$ 3,708
Expenses of purchase of raw materials and utility payments paid on behalf of others	10,595
Others	<u>509</u>
	<u>\$ 14,812</u>

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Inventories

December 31, 2025

Schedule 7

Unit: NT\$1,000

Item	Amount	
	Cost	Net realizable value (Note)
Finished-goods	\$ 471,811	\$ 715,575
Work in process	38,724	38,724
Products	21,263	19,235
Raw materials	1,192,717	1,167,618
Materials	16,145	15,944
Inventory in transit	<u>1,167</u>	<u>1,167</u>
	1,741,827	<u>\$1,958,263</u>
Less: Allowance for inventory write-downs and stagnant losses	(<u>53,179</u>)	
	<u>\$1,688,648</u>	

Note: Net realizable value of raw materials is estimated based on replacement costs, and net realizable value of other accounts is estimated at the remainder of estimated sales price less sales cost under ordinary course of business.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of other current assets

December 31, 2025

Schedule 8

Unit: NT\$1,000

<u>Item</u>	<u>Amount</u>
Trade prepayment	<u>\$ 75,671</u>
Others (Note)	<u>14,167</u>
	<u>\$ 89,838</u>

Note: The balance of each individual customer did not exceed 5% of this account.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of changes in financial assets at fair value through other comprehensive income - non-current

2025

Schedule 9

Unit: NT\$ thousand, unless otherwise stated

Name	Beginning of year		Increase in the current year		Decrease in the current year		End of year		Provision of guarantee or pledge	Remarks
	Shares or thousands of shares	Fair value	Shares or thousands of shares	Amount	Shares or thousands of shares	Amount	Shares or thousands of shares	Fair value (Note 1)		
Domestic shares not traded on an exchange or OTC										
CANDO	3,520,359	\$ -	-	\$ -	-	\$ -	3,520,359	\$ -	None	Note2
SHIN CHOU ENTERPRISE CO., LTD.	2,850,000	19,391	-	438	-	-	2,850,000	19,829	None	
ASIA HEPATO GENE CO.	333,250	2,089	-	269	-	-	333,250	2,358	None	
Hua Nan Investment Co., Ltd.	85,887	-	-	-	-	-	85,887	-	None	Note2
RISING CHEMICAL CO., LTD.	1,080,000	7,951	-	38	-	-	1,080,000	7,989	None	
		<u>\$ 29,431</u>		<u>\$ 745</u>		<u>\$ -</u>		<u>\$ 30,176</u>		

Note 1: Fair value is estimated using the valuation technique specified in Note 26.

Note 2: CANDO was declared bankrupt by the court, and Hua Nan Investment Co., Ltd. already ceased operations. Sufficient impairment loss allowance has been provided.

YUNG CHI PAINT & VARNISH MFG. CO., LTD
Schedule of changes in financial assets at amortised cost - non-current
2025

Schedule 10

Unit: NT\$ thousand, unless otherwise stated

Name	Beginning of year		Increase in the current year		Decrease in the current year		End of year		Accumulated Impairment Loss	Provision of guarantee or pledge	Remarks
	Shares or thousands of shares	Book Amount	Shares or thousands of shares	Amount	Shares or thousands of shares	Amount	Shares or thousands of shares	Book value			
Taiwan Cement Corp. 1st Domestic Unsecured Convertible Bond (CB)	-	\$ -	1,000	\$ 100	-	\$ -	1,000	\$ 100	-	None	-

YUNG CHI PAINT & VARNISH MFG. CO., LTD
Schedule of Investments Accounted for Using Equity Method
2025

Schedule 11

Unit: NT\$ thousand, unless otherwise stated

Investee	Balance - beginning of period		Increase in the current year (Note 1)		Decrease in the current year (Note 1)		Balance - end of year			Market value or net equity		Provision of guarantee or pledge	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding percentage (%)	Amount	Unit price (NT\$)	Total amount (Note 2)		
Investment in subsidiary													
Bmass Investment Co., Ltd	16,714,658	\$ 2,767,705	-	\$ -	-	(\$ 86,359)	16,714,658	94	\$ 2,681,346	\$ 161.03	\$ 2,691,527	None	
Cmass Investment Co., Ltd	23,800,000	891,595	-	20,718	-	-	23,800,000	100	912,313	38.44	914,959	None	
Emass Investment International Co., Ltd	22,020,000	<u>644,429</u>	-	<u>15,252</u>	-	-	22,020,000	100	<u>659,681</u>	30.35	<u>668,245</u>	None	
		<u>4,303,729</u>		<u>35,970</u>		(<u>86,359</u>)			<u>4,253,340</u>		<u>4,274,731</u>		
Investment in associates													
PPG Yung Chi Coatings Co., Ltd	-	<u>27,399</u>	-	-	-	(<u>3,763</u>)	-	35	<u>23,636</u>		<u>23,636</u>	None	
		<u>\$ 4,331,128</u>		<u>\$ 35,970</u>		(<u>\$ 90,122</u>)			<u>\$ 4,276,976</u>		<u>\$ 4,298,367</u>		

Note 1: The increase or decrease in this year was mainly due to elimination of unrealized gains from downstream transactions, gains and losses on investment accounted for using the equity method, and adjustment of relevant equity items.

Note 2: Net equity is calculated by applying the amount indicated on the financial statements of each investee to the Company's shareholding percentage in them. The deviation from book value at the end of year is adjusted through unrealized gain or loss on downstream transactions at the end of year.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Changes in Right-of-use Assets

2025

Schedule 12

Unit: NT\$1,000

Item	Balance - beginning of period	Increase in the current year	Decrease in the current year	Balance - end of year
Cost				
Buildings	\$ 21,629	\$ -	\$ -	\$ 21,629
Transportation equipment	<u>3,099</u>	<u>1,820</u>	(<u>1,374</u>)	<u>3,545</u>
	<u>24,728</u>	<u>\$ 1,820</u>	(<u>\$ 1,374</u>)	<u>25,174</u>
Accumulated depreciation				
Buildings	7,210	\$ 7,210	\$ -	14,420
Transportation equipment	<u>1,686</u>	<u>1,111</u>	(<u>1,374</u>)	<u>1,423</u>
	<u>8,896</u>	<u>\$ 8,321</u>	(<u>\$ 1,374</u>)	<u>15,843</u>
	<u>\$ 15,832</u>			<u>\$ 9,331</u>

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Short-term Borrowings

2025

Schedule 13

Unit: NT\$ thousand, unless otherwise stated

Type	Contract period	Range of interest rates (%)	Loan commitment	Amount	Collateral
Letters of credit					
ICBC Bank	114.10.31~115.03.10	Settled before interest accrual	400,000 (Note)	\$ 4,218	Note 28
HUA NAN Bank	114.12.26~115.01.05	Settled before interest accrual	160,000 (Note)	<u>1,168</u>	Note 28
				<u>\$ 5,386</u>	

Note: The loan commitment denominated in NT dollars can be converted into equivalent amounts in other currencies, and the commitment remains unchanged.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Notes Payable

December 31, 2025

Schedule 14

Unit: NT\$1,000

<u>Supplier name</u>	<u>Amount</u>	<u>Remarks</u>
NAN YA PLASTICS CORPORATION.	\$ 13,022	Materials purchase proceeds
HUA TUNG CHEMICAL INDUSTRIAL CO., LTD.	9,697	Materials purchase proceeds
Others (Note)	<u>3,236</u>	
	<u>\$ 25,955</u>	

Note: The balance of each individual customer did not exceed 5% of this account.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Accounts Payable

December 31, 2025

Schedule 15

Unit: NT\$1,000

<u>Supplier name</u>	<u>Amount</u>
Related party	
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	\$ 4,023
YUNG CHI PAINT & VARNISH MFG. (Jiaying) CO., LTD.	<u>259</u>
	<u>\$ 4,282</u>
Not a related party	
GUOYING ENGINEERING CO., Ltd.	\$ 68,537
CHEMOURS TITANIUM TECHNOLOGIES (TAIWAN) LTD.	43,819
ETERNAL MATERIALS CO., LTD.	43,630
Others (Note)	<u>434,392</u>
	<u>\$590,378</u>

Note: The balance of each individual customer did not exceed 5% of this account.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Lease Liability

December 31, 2025

Schedule 16

Unit: NT\$1,000

Name	Lease term	Discount rate (%)	Balance
Buildings	113.01.01~115.12.31	1.775	\$ 7,337
Transportation equipment	112.02.26~117.07.30	1.775~2.625	<u>2,139</u>
			9,476
Less: current portion			<u>8,398</u>
			<u>\$ 1,078</u>

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Operating Income

2025

Schedule 17

Unit: NT\$1,000 thousand, unless
otherwise stated

<u>Item</u>	<u>Quantity (kg)</u>	<u>Amount</u>
Revenue from sale of paints and coatings manufactured by the Company itself	85,559,044	\$7,510,817
Less: sales return	301,876	(33,985)
sales discounts		(<u>387,364</u>)
Net sales revenue		7,089,468
Income from painting projects undertaken		<u>825,100</u>
		<u>\$7,914,568</u>

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Operating Costs

2025

Schedule 18

Unit: NT\$1,000

Item	Amount
Cost of purchased goods sold	
Products - beginning balance	\$ 22,924
Material purchase	92,457
Products - ending balance	(21,263)
Others	<u>1,246</u>
	<u>95,364</u>
Cost of self-manufactured products sold	
Direct raw materials	
Raw materials - beginning balance	1,197,749
Material purchase	4,250,923
Raw materials - ending balance	(1,192,717)
	4,255,955
Direct labor	178,338
Manufacturing overheads	<u>721,368</u>
Manufacturing cost	5,155,661
Add: WIP - beginning balance	-
Less: WIP - ending balance	(38,724)
Add: finished-goods - beginning balance	541,901
Less: finished-goods - ending balance	(471,811)
Others	<u>(201,100)</u>
	<u>4,985,927</u>
Cost of goods sold	5,081,291
Construction cost	<u>778,322</u>
	<u>\$5,859,613</u>

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Schedule of Operating Expenses

2025

Schedule 19

Unit: NT\$1,000

Item	Marketing expenses	General and administrative expenses	R&D expense	Loss on expected credit impairment	Total
Labor costs	\$ 219,419	\$ 136,539	\$ 138,707	\$ -	\$ 494,665
Advertising expenditure	107,603	832	36	-	108,471
Travel and freight charges	100,827	2,145	4,176	-	107,148
Export expenses	32,981	-	-	-	32,981
Depreciation and amortization	18,314	16,981	10,352	-	45,647
Entertainment fee	27,664	5,594	609	-	33,867
Loss on expected credit impairment	-	-	-	2,256	2,256
Others	<u>71,763</u>	<u>47,684</u>	<u>71,674</u>	<u>-</u>	<u>191,121</u>
	<u>\$ 578,571</u>	<u>\$ 209,775</u>	<u>\$ 225,554</u>	<u>\$ 2,256</u>	<u>\$1,016,156</u>

YUNG CHI PAINT & VARNISH MFG. CO., LTD
Schedule of Employee Benefits, Depreciation, and Amortization
2025 and 2024

Schedule 20

Unit: NT\$1,000

	2025				2024			
	Operating cost	Operating expenses	Non-operating expenditures	Total	Operating cost	Operating expenses	Non-operating expenditures	Total
Employee benefit expenses								
Salary	\$224,310	\$426,410	\$ -	\$650,720	\$207,691	\$399,778	\$ -	\$607,469
Labor insurance and health insurance	22,085	34,862	-	56,947	20,410	32,775	-	53,185
Post-employment benefit	6,685	14,703	-	21,388	6,551	14,346	-	20,897
Directors' remuneration	-	4,090	-	4,090	-	3,550	-	3,550
Others	12,728	14,600	-	27,328	11,957	13,888	-	25,845
	<u>\$265,808</u>	<u>\$494,665</u>	<u>\$ -</u>	<u>\$760,473</u>	<u>\$246,609</u>	<u>\$464,337</u>	<u>\$ -</u>	<u>\$710,946</u>
Depreciation	\$ 46,653	\$ 43,284	\$ 1,684	\$ 91,621	\$ 38,108	\$ 40,163	\$ 1,684	\$ 79,955
Amortization	-	2,363	-	2,363	-	987	-	987

Note 1: The number of the Company's employees in 2025 and 2024 is 755 and 736, respectively, of whom the number of directors not concurrently serving as an employee is 6 for both years.

Note 2: The following information is additionally disclosed:

1. Average employee benefits expenses in 2025 in the amount of NT\$1,010 thousand = (Total employee benefits expenses in 2025 - Total remuneration to directors) / (Total number of employees in 2025 - Total number of directors who are not concurrently an employee)
Average employee benefits expenses in 2024 in the amount of NT\$969 thousand = (Total employee benefits expenses in 2024 - Total remuneration to directors) / (Total number of employees in 2024 - Total number of directors who are not concurrently an employee)
2. Average employee salary expenses in 2025 in the amount of NT\$869 thousand = Total salary expenses in 2025 / (Total number of employees in 2025 - Total number of directors who are not concurrently an employee).
Average employee salary expenses in 2024 in the amount of NT\$832 thousand = Total salary expenses in 2024 / (Total number of employees in 2024 - Total number of directors who are not concurrently an employee).
3. The average employee salary adjustment is 4.4% = (Average employee salary expenses in 2025 - Average employee salary expenses in 2024) / Average employee salary expenses in 2024.
4. The Company's remuneration policy: Remuneration to directors are based on the stipulation on the Articles of Incorporation. Salary to managers and employees are based on their education, years of service in a profession, their position, and their past performance. In addition, appropriate rewards and employee compensation will also be provided, subject to the Company's operating performance and employees' personal performance. In addition, salary will be adjusted every two to three years to reflect the increase in commodity prices.