

LIDA HOLDINGS LIMITED AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT  
ACCOUNTANTS DECEMBER 31, 2025 AND 2024  
(STOCK CODE: 4552)

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## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Lida Holdings Limited

### **Opinion**

We have audited the accompanying consolidated balance sheets of Lida Holdings Limited and its subsidiaries (the “Group”) as of December 31, 2025 and 2024 , and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### **Basis of opinion**

We conducted our audit of the consolidated financial statements in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China (ROC GAAS). We are independent of the Group in accordance with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's consolidated financial statements for the six months ended June 30, 2025 and 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion; thereon, we do not provide a separate opinion on these matters. The key audit matters we judge that shall be communicated in the audit report are as follows:

## **1. Cash and cash equivalents**

### Descriptions of the key audit matter

Please refer to Note 4(6) to the consolidated financial statements for the accounting policies on cash and cash equivalents. Please refer to Note 6(1) to the consolidated financial statements for the explanations on the accounting item. As of December 31, 2025 and 2024, the balances of cash and cash equivalents amounted to NT\$2,545,766 thousand and NT\$2,389,144 thousand, respectively.

The Group designs, manufactures, and sells mechanical and electrical products such as air compressors, and cash and cash equivalents are accounted for 32% and 31% of the total consolidated assets, respectively. Because of cash and cash equivalents' inherent risk, we consider cash and cash equivalents as a key audit matter.

### Audit procedures in response:

Primary audit procedures are as follows:

- Evaluated and tested the design and effectiveness of the internal control over cash management, including segregation of duties for cash receipts and recording, authorization of receipts and payments in cash and book general entry.
- Sending written confirmation requests regarding all bank accounts, to acquire external information.
- Performed a test audit for large inflows and outflows of cash and verified whether the nature of the transactions complied with the business operating needs.
- Tested the bank reconciliation report by verifying the balance of all accounts against that of the general ledger, checking the balance of the bank account against the bank statements and bank confirmations, and inspecting the reconciling items against the bank statements after the balance sheet date or other supporting documents to ensure the completeness, accuracy as well as the rights and obligations of bank deposit.
- Perform an inventory audit to confirm the existence of cash on hand and revolving funds.

## **2. Sale revenue from distribution selling**

### Description of the key audit matter

Please refer to Note 4 (14) to the consolidated financial statements for the accounting policies on revenue recognition. Please refer to Note 6 (15) to the consolidated financial statements for the explanations on the accounting item. For the year ended December 31, 2025 and 2024, the Group's consolidated revenue was NT\$3,466,489 thousand and NT\$3,632,150 thousand, respectively.

The Group primarily adopts a sales distribution model and signs, with distributors each year, agreements that state the rights and obligations of distributors, such as the terms and conditions, sales quotas, delivery method, maintenance and warranty, and refund policy.

Given that the income generated under the above sale distribution model made up 92% and 94% of the total Group sales revenue, respectively, the sales distribution model and terms of transactions would have a significant impact on the recognition of the sales revenue. Thus, we consider sales revenue from distribution selling as the key audit matter.

### Audit procedures in response:

Primary audit procedures are as follows:

- Assessed the new top 10 distributors by checking the owner, major shareholders, business address, capital, main business items and other relevant information of the distribution companies.
- Selected samples from the major distributor list, and conducted interviews with them to observe the veracity of sales pertaining to distributors, and inquired whether the financial information of transactions between the distributors and the Group was consistent with the information in the financial statements.
- Verified the balance of accounts receivable at the end of the period by sending confirmation request letters to Group's major distributors, to acquire external information..
- Assessed and tested the implementation effectiveness of internal controls over sales.
- Tested the samples of sales transactions, to assess the correctness of the period of revenue recognition.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's responsibilities for the audit of the consolidated financial statements**

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 Group's consolidated financial statements for the year 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.

KPMG

Auditors :

Securities Competent Authority Approved-certified No. March 27, 2026 : Financial-Supervisory-Securities-Auditing -1060042577 Financial-Supervisory-Securities-Auditing- 1100333824

**LIDA HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2025 and 2024**

Expressed in thousands of New Taiwan dollars

Assets		2025.12.31		2024.12.31		Liabilities and equity		2025.12.31		2024.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Notes 4, 6(1), (19), and (20))	\$ 2,545,766	32	2,389,144	31	2100	Short-term borrowings (Notes 6(10), (19), 7, and 8)	\$ 399,297	5	346,552	5
1110	Financial assets at fair value through profit or loss – current (Notes 4, 6(2), and (19))	2,209	-	-	-	2170	Accounts payables (Note 6(19))	467,052	6	459,949	6
1136	Financial assets at amortized cost – current (Notes 4, 5, 6(3), (19), and 8)	-	-	6,717	1	2219	Other payables (Notes 6(19))	119,682	2	98,525	1
1170	Accounts receivables, net (Notes 4, 5, 6(4), (19), and 7)	959,849	12	955,776	12	2230	Current tax liabilities (Note 4)	10,198	-	-	-
1180	Accounts receivables – related parties, net (Notes 4, 5, 6(4), (19), and 7)	443	-	-	-	2250	Provisions – current (Note 4)	3,785	-	3,831	-
1220	Current tax assets (Notes 4 and 6(19))	-	-	479	-			1,000,014	13	908,857	12
130X	Inventories (Notes 4, 5, and 6(5))	280,378	4	325,867	4	<b>Non-current liabilities:</b>					
1470	Other current assets	17,346	-	14,553	-	2570	Deferred tax liabilities (Notes 4 and 6(12))	640,389	8	636,588	8
		3,805,991	48	3,692,536	48			640,389	8	636,588	8
<b>Non-current assets:</b>						<b>Total liabilities</b>		1,640,403	21	1,545,445	20
1600	Property, plant and equipment (Notes 4, 5, 6(6), and 8)	3,445,229	44	3,259,027	42	<b>Equity attributable to owners of the parent company: (Note 6(13))</b>					
1755	Right-of-use assets (Notes 4, 5, and 6(7))	120,024	2	124,618	2	3110	Ordinary share capital	1,160,000	15	1,160,000	15
1760	Investment properties, net (Notes 4, 5, 6(8), and 8)	460,458	6	484,340	6	3200	Capital surplus	1,548,200	19	1,548,200	20
1840	Deferred tax assets (Notes 4 and (12))	17,763	-	27,874	-		Retained earnings:				
1915	Prepayments for equipment	-	-	133,389	2	3320	Special reserve	605,682	8	605,682	8
1990	Other non-current assets - others	74	-	177	-	3350	Unappropriated earnings	3,363,851	43	3,239,249	42
		4,043,548	52	4,029,425	52			3,969,533	51	3,844,931	50
<b>Total assets</b>		<b>\$ 7,849,539</b>	<b>100</b>	<b>7,721,961</b>	<b>100</b>		Other equity interests:				
						3400	Other equity interests	(468,597)	(6)	(376,615)	(5)
						<b>Total equity attributable to owners of the parent company</b>		6,209,136	79	6,176,516	80
						<b>Total equity</b>		6,209,136	79	6,176,516	80
						<b>Total liabilities and equity</b>		<b>\$ 7,849,539</b>	<b>100</b>	<b>7,721,961</b>	<b>100</b>

(Please refer to notes to the consolidated financial statements for details.)

Chairman: Wu, Chien-Leng

Manager: Chen, Yi-Ping

Accounting Supervisor: Huang, Yun-Xiang

**LIDA HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024**

Expressed in thousands of New Taiwan dollars

		<u>2025</u>		<u>2024</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (Notes 4, 6(15) and 7)</b>	\$ 3,466,489	100	3,632,150	100
5000	<b>Operating costs (Notes 6(5) and (18))</b>	2,792,740	81	2,901,454	80
	<b>Gross profit from operations</b>	<u>673,749</u>	19	<u>730,696</u>	20
	<b>Operating expenses: (Note 6(18))</b>				
6100	Sales and marketing expenses	56,286	2	66,756	2
6200	General and administrative expenses	156,818	5	152,487	4
6300	Research and development expenses	213,101	6	225,965	6
6450	Expected credit losses	<u>(64,410)</u>	<u>(2)</u>	<u>82,258</u>	<u>2</u>
		<u>361,795</u>	<u>11</u>	<u>527,466</u>	<u>14</u>
	<b>Net profit from operations</b>	<u>311,954</u>	<u>8</u>	<u>203,230</u>	<u>6</u>
	<b>Non-operating income and expenses: (Note 6(17))</b>				
7100	Interest income	1,904	-	6,742	-
7010	Rental income	20,532	1	15,659	-
7020	Other gains and losses	1,081	-	(13,554)	-
7050	Finance costs	<u>(14,015)</u>	<u>-</u>	<u>(15,459)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>9,502</u>	<u>1</u>	<u>(6,612)</u>	<u>-</u>
	<b>Net profit before tax from continuing operations</b>	321,456	9	196,618	6
7950	<b>Less: income tax expenses (Notes 4 and 6(12))</b>	<u>80,854</u>	<u>2</u>	<u>58,839</u>	<u>2</u>
	<b>Net profit for the current period</b>	<u>240,602</u>	<u>7</u>	<u>137,779</u>	<u>4</u>
8300	<b>Other comprehensive income:</b>				
8360	<b>Items that will not be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements (Note 6(13))	<u>(91,982)</u>	<u>(3)</u>	<u>211,642</u>	<u>6</u>
8300	<b>Other comprehensive income for the current period (net of tax)</b>	<u>(91,982)</u>	<u>(3)</u>	<u>211,642</u>	<u>6</u>
	<b>Total comprehensive income for the period</b>	<u>\$ 148,620</u>	<u>4</u>	<u>349,421</u>	<u>10</u>
	<b>Net profit attributable to:</b>				
	Owners of the parent company	\$ 240,602	7	137,779	4
		<u>\$ 240,602</u>	<u>7</u>	<u>137,779</u>	<u>4</u>
	<b>Total comprehensive income attributable to:</b>				
	Owners of the parent company	\$ 148,620	4	349,421	10
		<u>\$ 148,620</u>	<u>4</u>	<u>349,421</u>	<u>10</u>
	<b>Earnings per share (NT\$) (Note 6(14))</b>				
	<b>Basic earnings per share (NT\$)</b>	<u>\$ 2.07</u>		<u>1.19</u>	
	<b>Diluted earnings per share (NT\$)</b>	<u>\$ 2.07</u>		<u>1.19</u>	

(Please refer to notes to the consolidated financial statements for details.)

Chairman: Wu, Chien-Leng

Manager: Chen, Yi-Ping

Accounting Supervisor: Huang, Yun-Xiang

**LIDA HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024**

Expressed in thousands of New Taiwan dollars

	Equity attributable to owners of the parent company				Other equity interests	Total equity
	Share capital	Capital surplus	Special reserve	Retained earnings	Exchange differences on translation of foreign financial statements	
	Share capital	Capital surplus	Special reserve	Unappropriated earnings		
<b>Balance as of January 1, 2024</b>	\$ 1,160,000	1,548,200	605,682	3,229,070	(588,257)	5,954,695
Net profit for the current period	-	-	-	-	-	-
Other comprehensive income for the current period	-	-	-	137,779	211,642	349,421
Total comprehensive income for the current period	-	-	-	137,779	211,642	349,421
Appropriation and distribution of earnings:						
Cash dividends of ordinary shares	-	-	-	(127,600)	-	(127,600)
<b>Balance as of December 31, 2024</b>	1,160,000	1,548,200	605,682	3,239,249	(376,615)	6,176,516
Net profit for the current period	-	-	-	-	-	-
Other comprehensive income for the current period	-	-	-	240,602	(91,982)	148,620
Total comprehensive income for the current period	-	-	-	240,602	(91,982)	148,620
Appropriation and distribution of earnings:						
Cash dividends of ordinary shares	-	-	-	(116,000)	-	(116,000)
<b>Balance as of December 31, 2025</b>	<b>\$ 1,160,000</b>	<b>1,548,200</b>	<b>605,682</b>	<b>3,363,851</b>	<b>(468,597)</b>	<b>6,209,136</b>

(Please refer to notes to the consolidated financial statements for details.)

Chairman: Wu, Chien-Leng

Manager: Chen, Yi-Ping

Accounting Supervisor: Huang, Yun-Xiang

**LIDA HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024**

Expressed in thousands of New Taiwan dollars

	2025	2024
<b>Cash flows from operating activities:</b>		
<b>Net profit before tax</b>	\$ 321,456	196,618
<b>Adjustments:</b>		
Items of income and expenses		
Depreciation expenses	160,976	137,152
Expected credit losses (reversal gains)	(64,410)	82,258
Interest expenses	14,015	15,459
Interest income	(1,904)	(6,742)
Losses on disposal and scrap of property, plant and equipment	229	2,522
Inventory valuation losses (reversal gains)	16	(1,196)
Losses on impairment of non-financial assets	8,984	15,007
Total items of income and expenses	117,906	244,460
Changes in assets / liabilities relevant to operating activities:		
Net changes in assets relevant to operating activities:		
Accounts receivables	47,026	281,459
Other receivables	396	(798)
Other receivables – related parties	-	1,936
Inventories	40,676	(57,865)
Prepayments	433	304
Other current assets	(3,601)	(6,702)
Total net changes in assets relevant to operating activities	84,930	218,334
Net changes in liabilities relevant to operating activities:		
Accounts payables	7,103	200,329
Other payables	(3,303)	(8,653)
Provisions	(46)	(2,059)
Other current liabilities	-	(55)
Total net changes in liabilities relevant to operating activities	3,754	189,562
Total net changes in assets and liabilities relevant to operating activities	88,684	407,896
Total adjustments	206,590	652,356
Cash flows generated from operations	528,046	848,974
Interest received	1,904	6,742
Interest paid	(14,015)	(15,459)
Income tax paid	(60,128)	(112,550)
<b>Net cash flows generated from operating activities</b>	455,807	727,707
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(255,016)	(377,698)
Disposal of property, plant and equipment	130	752
Acquisition of financial assets at amortized cost	-	(6,717)
Disposal of financial assets at amortized cost	6,717	-
Acquisition of financial assets at fair value through profit or loss	(2,209)	-
Increase in guaranteed deposits paid	(19)	(3)
Other receivables – collection of fund financed	-	1,133,885
Decrease in other non-current assets	122	283
Refund for termination of equipment procurement contract	26,248	-
<b>Net cash flows generated from (used in) investing activities</b>	(224,027)	750,502
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	56,964	(49,599)
Cash dividends paid	(116,000)	(127,600)
<b>Net cash flows used in financing activities</b>	(59,036)	(177,199)
Effect of changes in exchange rates on cash and cash equivalents	(16,122)	71,593
Increase in cash and cash equivalents	156,622	1,372,603
Beginning balance of cash and cash equivalents	2,389,144	1,016,541
Ending balance of cash and cash equivalents	\$ 2,545,766	2,389,144

(Please refer to notes to the consolidated financial statements for details.)

Chairman: Wu, Chien-Leng

Manager: Chen, Yi-Ping

Accounting Supervisor: Huang, Yun-Xiang

**LIDA HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024**  
**(Unless otherwise specified, expressed in thousands of New Taiwan dollars)**

**1. Company history**

Lida Holdings Limited (the “Company”) was incorporated in the British Cayman Islands on May 11, 2012, for the purpose of the restructuring undertaken prior to listing on the Taiwan Stock Exchange. On August 12, 2013, the Company provided its own shares to exchange 100% equity of Wellsoon International Limited (Wellsoon International) at the share exchange ratio of 1,551:1. The Company’s stock has been listed on the Taiwan Stock Exchange since July 20, 2016. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design, manufacture and sales of mechanical and electrical products such as air compressors.

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

The consolidated financial statements were authorized for issue by the board of directors on March 13, 2026.

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

(1) The impact of the standards and interpretations endorsed by the Financial Supervisory Commission (“FSC”) which have already been adopted

The Group initially adopted the following new amendments to IFRS Accounting Standards, which do not have a significant impact on the consolidated financial statements, from January 1, 2025.

- Amendments to IAS 21 “Lack of Exchangeability”

(2) The impact of not yet adopting IFRS Accounting Standards endorsed by the FSC

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

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

(3) The impact of new and amended standards and interpretations issued by IASB but not yet endorsed by the FSC

Standards and interpretations issued and amended by the IASB, but not yet endorsed by the FSC which may be relevant to the Group are as follows:

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

The Group continues to evaluate the impact of the aforementioned standards and interpretations on the financial position and financial performance; the relevant impact will be disclosed upon completion of the assessment.

The Group assesses that the adoption of the following other new or amended standards, not yet endorsed by the FSC, would not have a significant impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and Amendments to IFRS 19
- Amendments to IAS21 “Translation to a Hyperinflationary Presentation Currency”

#### 4. Summary of significant accounting policies

##### (1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and promulgated to be effective by the Financial Supervisory Commission (hereinafter referred to as “IFRS accounting standards endorsed by the FSC”).

##### (2) Basis of preparation

###### A. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

###### B. Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which it operates. The functional currency of the Company is “CNY.” However, for the local regulations of the financial statements’ submission country, the financial statements are presented in New Taiwan Dollars. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

##### (3) Basis of consolidation

###### Principles of preparation of the consolidated financial statements

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup transactions and balances, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been adjusted so that they are consistent with that of the Group.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Differences between the adjustments to the non-controlling interests and fair value of considerations paid or received are directly recognized in equity and attributable to owners of the Company.

Basis of consolidation and subsidiaries included in the consolidated financial statements are consistent with those in Note 4(3) to the consolidated financial statements for the year ended December 31, 2024.

Subsidiaries included in the consolidated financial statements include:

Name of Investor	Name of Subsidiaries	Business Activities	Percentage of Ownership	
			2025.12.31	2024.12.31
The Company	Wellsoon International Limited (Wellsoon International)	Investment holding	100%	100%
Wellsoon International	Lida (HK) Holdings Co., Ltd. (Lida (HK))	Investment holding	100%	100%
Lida (HK)	Lida (China) Machine Equipment Co. Limited (Lida (China))	Design, manufacture and sales of air compressors	100%	100%
Lida (China)	Lida (Jiangxi) Machine Equipment Co Limited (Lida (Jiangxi))	Design, manufacture and sales of air compressors	100%	100%

(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter “the reporting date”), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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

- (a) an investment in equity securities designated as at fair value through other comprehensive income;
- (b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (c) qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New

Taiwan Dollars at the average exchange rate of the current period. Any resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes only a part of its investment in an associate or joint venture that includes a foreign operation, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or cash equivalent (as defined in IAS7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. It is expected to be settled in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. The Group does not have the right at the end of the reporting period to defer the settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

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

(7) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (excluding accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets classified by the same way are recognized and derecognized on a trade date basis consistently.

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated to be measured at fair value through profit or loss:

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

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

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

A financial asset, including derivative financial asset, shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Group may make an irrevocable election at initial recognition for financial assets that may be measured at amortized cost or at fair value through other comprehensive income to be measured at fair value through profit or loss, if it eliminates or significantly reduces an accounting mismatch.

Financial assets at fair value through profit or loss shall be measured subsequently at

fair value, and the net gains or losses (including any dividend and interest income) shall be recognized in profit or loss.

(c) Impairment of financial assets

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured at 12-month ECL:

- Debt securities for which the credit risk is considered to be low at the reporting date; and
- Other debt securities and bank deposits for which credit risk (i.e. the risk of default occurring over the expected lifetime of the financial instrument) has not increased significantly since initial recognition.

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

Lifetime expected credit losses are the expected credit losses resulting from all the possible defaults occurring on the financial instrument during its expected life.

12-month expected credit losses are the expected credit losses resulted from all the possible defaults occurring on the financial instrument in the 12 months after the reporting date (or a shorter period if the expected life of a financial statement is less than 12 months).

The maximum period to consider when measuring expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

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

If contractual payments become more than 30 days past due, the Group assumes that there is a significant increase in the credit risk of a financial asset.

If contractual payments become more than 90 days past due, the Group assume that a default of the financial asset has occurred.

ECLs are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, which are the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets at amortized cost and debt securities at fair value through profit or loss are credit impaired. A financial asset is

credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than some time past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The issuer delays or refused to repay the interests or principal;
- Unfavorable changes in national or regional economic conditions that result in the default of the issuer.

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

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

(d) Derecognition of financial assets

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

The Group enters into transactions whereby it transfers financial assets, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are still recognized in the balance sheets.

B. Financial liabilities

Financial liabilities neither held for trading nor designated to be measured at fair value through profit or loss, including long-term and short-term borrowings, accounts payables, and other payables, are initially measured at fair value with direct attributable transaction costs, and subsequently measured at amortized cost using the effective interest method. Interest expense not capitalized as costs of assets are presented under non-operating

income and expenses.

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

A financial asset and a financial liability may be offset and the net amount presented in the balance sheets when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure other costs incurred in bringing them to their present location and condition.

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

(9) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowings costs) less accumulated depreciation and any accumulated impairment losses.

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

Any gain or loss on disposal of an item of property, plant and equipment, which is determined by the difference between the carrying amount of the property, plant and equipment and the consideration of disposal, is recognized in “other gains and losses” under profit or loss.

B. Reclassification to investment properties

When changes occur in use in an owner-occupied property to become an investment property, the property is reclassified to investment properties by the carrying amount when changes in use occur.

C. Subsequent costs

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

D. Depreciation

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

If the Group reasonably expects to acquire the ownership of the lease assets at the end of the lease period, the lease assets are depreciated over the useful lives. Other lease assets are depreciated over the shorter of the lease terms and the useful lives.

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

- (a) Land improvements: 35 years
- (b) Buildings and structures: 10~50 years
- (c) Machinery equipment: 1~10 years
- (d) Transportation equipment: 3~5 years
- (e) Office equipment: 2~5 years
- (f) Other equipment: 3~5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The changes are treated in accordance with the regulations of changes in accounting estimates.

(10)Lease

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

- (a) The contract involves the use of an identifiable asset, which is explicitly specified in a contract, or implicitly specified at the time that the asset is made available for use. The asset is physically distinct or represents substantially all of the capacity. An asset is not an identified asset if the supplier has the substantive right to substitute the asset. and
- (b) The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- (c) The Group has the right to direct the use of an identified asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use.
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

A. Lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company evaluates whether impairment occurs in the right-of-use assets on a regular basis, treats any impairment losses occurred accordingly, and adjusts right-of-use assets if there is remeasurement on lease liability.

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

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

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

Interests of lease liabilities are provided using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate;
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;
- (c) there is a change of its assessment on whether it will exercise a purchase option;
- (d) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option;
- (e) there is any lease modification regarding underlying assets, scope, or other terms.

When the lease liability is remeasured for a change in the index or rate that determines lease

payments, a change in amount expected to be payable under a residual value guarantee, or a change of assessment on whether the Group will exercise a purchase, extension or termination option, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero, the residual remeasurement amount is recognized in profit or loss.

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

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

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

#### B. Lessor

A lease, in which the Group is the lessor, is classified as a financial lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise, as an operating lease, at the commencement date. At assessment, the Group shall consider specific indications, such as whether the lease term is for a major part of the economic life of the underlying asset, etc.

If the Group is the lessor in a sublease, the head lease and the sublease shall be treated separately, and classify the sublease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease and recognition exemption applies, the sublease shall be classified as an operating lease.

For a contract that contains a lease component and non-lease components, the Group shall allocate the consideration in the contract in accordance with the regulations in IFRS 15.

#### (11) Investment properties

Investment property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of business. Investment properties are initially measured at cost, and subsequently measured at cost less any accumulated depreciation and accumulated impairment. Depreciation method, useful lives, and residual values are treated in accordance with the regulations of property, plant and equipment.

Gains or losses arising from the disposal of investment property, which are determined as the difference between the net disposal proceeds and the carrying amount of the asset, are

recognized in profit or loss.

Rental income arising from investment properties are recognized in non-operating income by straight-line method over the lease term. Lease incentives granted are recognized as part of the rental income.

(12) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, the Group shall estimate the recoverable amount of the asset. Goodwill is tested for impairment annually. For the purpose of impairment testing, assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets are grouped into the smallest identifiable group of assets. Goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, future cash flow estimates are discounted to present value by the pre-tax discount rate, which reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognized in profit or loss immediately, and allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

A reversal of an impairment loss of a non-financial asset, other than goodwill, shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(13) Provisions

A provision shall be recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted by the pre-tax discount rate, which reflects current market assessments of the time value of money and the risks specific to the liability. The discounted amortization is recognized as interest expense.

Provisions for warranty are recognized when goods or services are sold. The provisions are measured by historical data regarding warranty and weighing all possible outcomes by their associated probabilities.

(14) Revenue recognition

The Group designs, manufactures, and sells air compressor products. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. The Group provides standardized warranty to the products sold in Mainland China, and recognizes provisions at sales.

As the Group has the unconditional right to receive the considerations, the Group recognizes accounts receivables when delivering goods.

(15) Employee benefits

A. Defined contributions plans

Obligations for contributions of pension to defined contribution plans are expensed during the period that employees render services. Prepayments for contributions are recognized as assets only to the extent that there will be cash returned or decrease in future payments.

B. Short-term employee benefits

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

(16) Income taxes

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

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

Deferred income tax shall be recognized for the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except to the extent that:

- A. the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, (i) affects neither accounting profit, nor

taxable profit (tax loss), and (ii) does not give rise to equal taxable and deductible temporary differences;

B. the temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements; the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary differences will not reverse in the foreseeable future; and

C. the taxable temporary differences arising from initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to be utilized; any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available. Deferred income tax is measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates or tax laws that have been enacted or substantively enacted at the reporting date.

The Group shall offset current tax assets and current tax liabilities, only if:

A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) The same taxable entity; or

(b) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to be utilized; any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

#### (17) Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses associated with transactions with the other components within the Group). The operations results of

operating segment are all regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. And the discrete financial information of operating segments is available.

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

The preparation of the consolidated financial report requires management to make judgments, estimates, and assumptions to future (including climate-related risks and opportunities) that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions to be consistent with the Group's risk management and climate-related commitments. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period on a prospective basis.

Information on accounting policies involving significant judgement and having significant influence on the recognized amounts in the consolidated financial statements is as follows: None.

Relevant information on uncertainty of assumptions and estimates with the significant risks resulting in significant adjustments in the next year is as follows:

### **(1) Impairment evaluation of accounts receivables**

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate by referring to past default records, and analyzing current financial conditions and the aging analysis of the accounts receivables from the customers. When the actual future cash flows are less than expected, significant impairment losses may occur. Please refer to Note 6(4) accounts receivables.

### **(2) Inventory valuation**

As inventories are measured at the amount of the lower of cost and net realizable value, the Group assesses the amount of inventories which are normally worn, obsolete, or without market sales value at the reporting date, and writes off the costs of inventories to the net realizable value. As inventory valuation is primarily estimated based on the demand for the products during a specific period in the future, significant changes may occur due to fast-changing industry. Please refer to Note 6(5) inventories for details of inventory valuation.

### **(3) Impairment evaluation of property, plant and equipment and investment properties**

During the process of impairment evaluation of assets, the Group determines the independent

cash flows of specific asset groups, useful lives of assets, and income and expenses that may incur in the future by subjective judgement and the model of use of assets and industry characteristics. Any changes in estimates resulting from changes in economic conditions or company strategies may result in significant impairment or reversal of impairment losses recognized in the future. Please refer to Note 6(6) property, plant and equipment and (8) investment properties for the explanations on the key assumptions used in the recoverable amount

## 6. Explanation of significant accounts

### (1) Cash and cash equivalents

	<u>2025.12.31</u>	<u>2024.12.31</u>
Cash	\$ 461	333
Bank deposits		
Demand deposits	<u>2,545,305</u>	<u>2,388,811</u>
Cash and cash equivalents presented in the consolidated statements of cash flows	<u>\$ 2,545,766</u>	<u>2,389,144</u>

Please refer to Note 6(19) for the disclosures on the interest rate risk and sensitivity analysis of the Group's financial assets and liabilities.

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

	<u>2025.12.31</u>	<u>2024.12.31</u>
Financial assets at fair value through profit or loss		
Beneficiary certificates	<u>\$ 2,209</u>	<u>-</u>
Total	<u>\$ 2,209</u>	<u>-</u>

A. Please refer to Note 6(19) for information on credit risk.

B. The aforementioned financial assets were not pledged as collaterals for short-term borrowings and credit lines.

### (3) Financial assets at amortized cost

	<u>2025.12.31</u>	<u>2024.12.31</u>
Pledged time deposits	<u>\$ -</u>	<u>6,717</u>

The Group assesses to hold the assets to the maturity to collect the contractual cash flows, and the cash flows are solely payments of principal and interest on the principal amount outstanding. Therefore, the assets are presented as financial assets at amortized cost.

A. Please refer to Note 6(19) for information on credit risk.

B. Please refer to Note 8 for the details of the aforementioned assets pledged as collaterals for short-term borrowings and credit lines.

(4)Accounts receivables

	<u>2025.12.31</u>	<u>2024.12.31</u>
Accounts receivables – at amortized cost	\$ 1,074,571	1,137,955
Accounts receivables – related parties	443	-
Less: loss allowances	<u>(114,722)</u>	<u>(182,179)</u>
Accounts receivables, net	<u><u>\$ 960,292</u></u>	<u><u>955,776</u></u>

The Group applies a simplified approach to estimate expected credit losses for notes and accounts receivables, i.e. the use of lifetime expected loss provision. To measure the expected credit losses, the Group groups accounts receivables on the basis of shared credit risk characteristics of the ability to pay all the amounts due in accordance with the contractual terms, including forward-looking information, including information on macroeconomic and relevant industries. The analysis of expected credit losses of notes and accounts receivables are as follows:

	<u>2025.12.31</u>		
	<b>Carrying amount of notes and accounts receivables</b>	<b>Weighted average expected credit loss rate</b>	<b>Allowances for lifetime expected credit loss</b>
Not overdue	\$ 600,384	6.12%	36,728
Overdue within 30 days	260,479	12.56%	32,724
Overdue for 31~60 days	142,587	17.19%	24,511
Overdue for 61~90 days	<u>71,564</u>	29.01%	<u>20,759</u>
	<u><u>\$ 1,075,014</u></u>		<u><u>114,722</u></u>
	<u>2024.12.31</u>		
	<b>Carrying amount of notes and accounts receivables</b>	<b>Weighted average expected credit loss rate</b>	<b>Allowances for lifetime expected credit loss</b>
Not overdue	\$ 589,475	8.27%	48,775
Overdue within 30 days	228,860	16.49%	37,734
Overdue for 31~60 days	178,495	24.51%	43,754
Overdue for 61~90 days	134,287	33.57%	45,078
Overdue for over 91 days	<u>6,838</u>	100%	<u>6,838</u>
	<u><u>\$ 1,137,955</u></u>		<u><u>182,179</u></u>

The credit period of sales on goods are 60 days to 90 days monthly settlement.

As of December 31, 2025 and 2024, the accounts receivables of the Group are not pledged as

collaterals.

Please refer to Note 6(19) for information on other credit risks.

Changes in loss allowances of accounts receivables are as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 182,179	96,309
Impairment losses recognized	-	82,258
Impairment losses reversed	(64,410)	-
Exchange rate effects	(3,047)	3,612
Ending balance	<u>\$ 114,722</u>	<u>182,179</u>

(5)Inventories

	<u>2025.12.31</u>	<u>2024.12.31</u>
Raw materials	\$ 91,768	178,333
Work in process	102,166	62,803
Finished goods	87,290	85,572
Less: allowances for valuation loss	(846)	(841)
Merchandises	<u>\$ 280,378</u>	<u>325,867</u>

As of December 31, 2025 and 2024, inventories of the Group are not pledged as collaterals.

Details of costs of goods sold are as follows:

	<u>2025</u>	<u>2024</u>
Transferred from inventories sold	\$ 2,789,513	2,899,485
Inventory valuation losses (reversal gains)	16	(1,196)
Unallocated manufacturing expenses for idle equipment	4,778	4,760
Revenue from scraps	(1,567)	(1,595)
	<u>\$ 2,792,740</u>	<u>2,901,454</u>

(6)Property, plant and equipment

Details of changes in costs and depreciation of property, plant and equipment for the years ended December 31, 2025 and 2024 are as follows:

Details of changes in costs, depreciation, and impairment losses of property, plant and equipment for the years ended December 31, 2025 and 2024 are as follows:

	Land improvements	Buildings and structures	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost or deemed cost:								
Balance as of January 1, 2025	\$ 211,838	2,847,470	824,045	21,309	6,277	18,772	-	3,929,711
Additions	-	171,916	13,978	801	-	92,780	-	279,475
Reclassifications	-	-	99,425	-	-	-	-	99,425
Disposals	-	-	(2,261)	-	(12)	-	-	(2,273)
Effects of changes in exchange rates	(2,886)	(37,277)	(10,248)	(283)	(86)	560	-	(50,220)
Balance as of December 31, 2025	<u>\$ 208,952</u>	<u>2,982,109</u>	<u>924,939</u>	<u>21,827</u>	<u>6,179</u>	<u>112,112</u>	<u>-</u>	<u>4,256,118</u>
Balance as of January 1, 2024	\$ -	2,570,307	771,550	21,743	5,987	13,844	436,286	3,819,717
Additions	-	-	35,401	-	120	4,431	332,699	372,651
Reclassifications	211,192	186,894	-	-	-	-	(782,831)	(384,745)
Disposals	-	-	(9,909)	(1,189)	(39)	-	-	(11,137)
Effects of changes in exchange rates	646	90,269	27,003	755	209	497	13,846	133,225
Balance as of December 31, 2024	<u>\$ 211,838</u>	<u>2,847,470</u>	<u>824,045</u>	<u>21,309</u>	<u>6,277</u>	<u>18,772</u>	<u>-</u>	<u>3,929,711</u>
Depreciation and impairment losses								
Balance as of January 1, 2025	\$ (9,946)	(176,383)	(452,495)	(18,953)	(5,569)	(7,338)	-	(670,684)
Depreciation expenses	(5,326)	(72,021)	(64,019)	(127)	(27)	(1,838)	-	(143,358)
Impairment losses	-	(6,596)	-	-	-	-	-	(6,596)
Disposals	-	-	1,904	-	10	-	-	1,914
Effects of changes in exchange rates	89	1,711	5,618	257	76	84	-	7,835
Balance as of December 31, 2025	<u>\$ (15,183)</u>	<u>(253,289)</u>	<u>(508,992)</u>	<u>(18,823)</u>	<u>(5,510)</u>	<u>(9,092)</u>	<u>-</u>	<u>(810,889)</u>
Balance as of January 1, 2024	\$ -	(163,176)	(390,031)	(19,262)	(5,372)	(6,177)	-	(584,018)
Depreciation expenses	-	(67,474)	(55,462)	(93)	(44)	(943)	-	(124,016)
Impairment losses	-	(10,738)	-	-	-	-	-	(10,738)
Reclassifications	(9,916)	71,843	-	-	-	-	-	61,927
Disposals	-	-	6,758	1,070	35	-	-	7,863
Effects of changes in exchange rates	(30)	(6,838)	(13,760)	(668)	(188)	(218)	-	(21,702)
Balance as of December 31, 2024	<u>\$ (9,946)</u>	<u>(176,383)</u>	<u>(452,495)</u>	<u>(18,953)</u>	<u>(5,569)</u>	<u>(7,338)</u>	<u>-</u>	<u>(670,684)</u>
Carrying amount:								
December 31, 2025	<u>\$ 193,769</u>	<u>2,728,820</u>	<u>415,947</u>	<u>3,004</u>	<u>669</u>	<u>103,020</u>	<u>-</u>	<u>3,445,229</u>
December 31, 2024	<u>\$ 201,892</u>	<u>2,671,087</u>	<u>371,550</u>	<u>2,356</u>	<u>708</u>	<u>11,434</u>	<u>-</u>	<u>3,259,027</u>
January 1, 2024	<u>\$ -</u>	<u>2,407,131</u>	<u>381,519</u>	<u>2,481</u>	<u>615</u>	<u>7,667</u>	<u>436,286</u>	<u>3,235,699</u>

A. Property and plant under construction

The Group started the establishment of new plants since 2020. As of December 31, 2024, the total expenditures incurred (including unfinished constructions) amounted to NT\$3,217,643 thousand, and successively transferred to buildings of property, plant and

equipment and investment properties. All of them have been completed in September 2024.

B. Impairment losses

The Group is suffering from the overall economic downturn in China, and the demands of the end users slow down. Besides, as the energy-saving and environmental products are mainstream in the market in recent years the subsidiary, Lida (Jiangxi), which produces low-end products, incurred loss. The Group revaluated the relevant property, plant and equipment, right-of-use assets and investment properties on December 31, 2025 and June 30, 2024, and recognized impairment losses of NT\$8,984 thousand and NT\$15,007 thousand for adjusting the amount of carrying amount exceeding the recoverable amount. As of December 31, 2025, accumulated impairment losses amounted to NT\$85,264 thousand.

The recoverable amount is the higher of the value in use and the net fair value calculated by fair value less cost of disposal. The inputs used in fair value estimates are level 3, and the fair value is evaluated by the cost approach.

C. Guarantee

Please refer to Note 8 for part of the assets pledged as collaterals for borrowings and credit lines as of December 31, 2025 and 2024.

D. Reclassification to investment properties

The Group rent out the owner-occupied plants, and reclassified the property – buildings and structures, and land improvements to investment properties for the year ended December 31, 2024.

E. The capitalized interests for the years ended December 31, 2025 and 2024 amounted to both NT\$0 thousand.

(7)Right-of-use assets

Details of changes in costs and depreciation of land leased by the Group for the years ended December 31, 2025 and 2024 are as follows:

	<u>Land</u>
Cost of right-of-use assets:	
Balance as of January 1, 2025	\$ 146,628
Effects of changes in exchange rates	<u>(1,997)</u>
Balance as of December 31, 2025	<b><u>\$ 144,631</u></b>
Balance as of January 1, 2024	\$ 176,837
Reclassifications	(36,269)
Effects of changes in exchange rates	<u>6,060</u>
Balance as of December 31, 2024	<b><u>\$ 146,628</u></b>
Accumulated depreciation of right-of-use assets:	
Balance as of January 1, 2025	\$ (22,010)
Depreciation expenses	(2,872)
Effects of changes in exchange rates	<u>275</u>
Balance as of December 31, 2025	<b><u>\$ (24,607)</u></b>
Balance as of January 1, 2024	\$ (27,286)
Depreciation expenses	(5,951)
Reclassifications	12,159
Effects of changes in exchange rates	<u>(932)</u>
Balance as of December 31, 2024	<b><u>\$ (22,010)</u></b>
Carrying amount:	
Balance as of December 31, 2025	<b><u>\$ 120,024</u></b>
Balance as of December 31, 2024	<b><u>\$ 124,618</u></b>
Balance as of January 1, 2024	<b><u>\$ 149,551</u></b>

A. The underlying assets leased by the Group are land. The lease period of land is 44~50 years. The lease contracts are negotiated individually and include various different terms and conditions. Except for part of the land pledged as collaterals for borrowings, there is no other limitations on the assets. Please refer to Note 8 for the land pledged as collaterals.

B. Reclassification to investment properties

The Group rent out the owner-occupied plants, and reclassified the right-of-use assets - land to investment properties for the year ended December 31, 2024.

(8) Investment properties

Details of changes in investment properties are as follows:

	Right-of-use assets		Self-owned assets		Total
	Land	Buildings and structures	Land improvements		
Cost or deemed cost:					
Balance as of January 1, 2025	\$ 36,380	524,482	34,615		595,477
Effects of changes in exchange rates	(495)	(7,144)	(471)		(8,110)
Balance as of December 31, 2025	<b>\$ 35,885</b>	<b>517,338</b>	<b>34,144</b>		<b>587,367</b>
Balance as of January 1, 2024	\$ -	167,334	-		167,334
Reclassifications	36,269	350,235	34,510		421,014
Effects of changes in exchange rates	111	6,913	105		7,129
Balance as of December 31, 2024	<b>\$ 36,380</b>	<b>524,482</b>	<b>34,615</b>		<b>595,477</b>
Accumulated depreciation and impairment:					
Balance as of January 1, 2025	\$ (9,907)	(99,376)	(1,854)		(111,137)
Depreciation expenses	(727)	(13,149)	(870)		(14,746)
Impairment losses	-	(2,388)	-		(2,388)
Effects of changes in exchange rates	128	1,217	17		1,362
Balance as of December 31, 2025	<b>\$ (10,506)</b>	<b>(113,696)</b>	<b>(2,707)</b>		<b>(126,909)</b>
Balance as of January 1, 2024	\$ -	(24,649)	-		(24,649)
Depreciation expenses	-	(7,185)	-		(7,185)
Impairment losses	-	(4,269)	-		(4,269)
Reclassifications	(9,877)	(62,165)	(1,848)		(73,890)
Effects of changes in exchange rates	(30)	(1,108)	(6)		(1,144)
Balance as of December 31, 2024	<b>\$ (9,907)</b>	<b>(99,376)</b>	<b>(1,854)</b>		<b>(111,137)</b>
Carrying amount:					
December 31, 2025	<b>\$ 25,379</b>	<b>403,642</b>	<b>31,437</b>		<b>460,458</b>
December 31, 2024	<b>\$ 26,473</b>	<b>425,106</b>	<b>32,761</b>		<b>484,340</b>
January 1, 2024	<b>\$ -</b>	<b>142,685</b>	<b>-</b>		<b>142,685</b>

A. Investment properties held by the Group are recognized at cost of acquisition. The old plant held by the subsidiary, Lida (China), measured at fair value is evaluated by the market transaction prices of similar properties in the neighborhood.

The new plant held by the subsidiaries, Lida (China) and Lida (Jiangxi), are valued based on the independent appraisers' (with accredited professional qualifications and have relevant experiences on the locations and types of the investment properties valued recently) appraisals. The inputs used in the aforementioned fair value valuation technique are level 3.

Information on related fair value is as follows:

	<b>2025.12.31</b>	<b>2024.12.31</b>
Investment properties	<u>\$ 519,545</u>	<u>500,675</u>

B. Please refer to Note 8 for those pledged as collaterals for borrowings and credit lines as of December 31, 2025 and 2024.

C. Reclassifications

The Group rent out the owner-occupied plants, and reclassified the properties – buildings and structures, land improvements, and right-of-use assets - land to investment properties for the year ended December 31, 2024.

(9) Operating lease

The underlying assets rent out by the Group are part of the plants. As substantially all the risks and rewards incidental to ownership of the underlying asset are not transferred, and there is no right to renew the contract, those lease contracts are classified as operating leases. Please refer to Note 6(8) investment properties for details.

Maturity analysis of lease payments by total undiscounted lease payments that will be collected after the reporting date is as follows:

	<b>2025.12.31</b>	<b>2024.12.31</b>
Within 1 year	\$ 20,182	23,083
1 to 2 years	11,936	22,413
2 to 3 years	392	13,445
Over 3 years	-	435
Total undiscounted lease payments	<u>\$ 32,510</u>	<u>59,376</u>

Rental income arising from the investment properties is as follows:

	<b>2025</b>	<b>2024</b>
Rental income	<u>\$ 20,532</u>	<u>15,659</u>
Direct operating expenses	<u>\$ 14,746</u>	<u>7,185</u>

(10) Short-term borrowings

Details of short-term borrowings of the Group are as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Secured bank loans	\$ 399,297	346,552
Unused credit lines	\$ 278,271	172,000
Interest rate interval	<u>2.1%~3.71%</u>	<u>3.2%~5%</u>

Please refer to Note 8 for the assets pledged as collaterals for bank borrowings. Please refer to Note 7 for the explanations on the key management serving as the joint guarantor. Please refer to Note 6(17) for interest expenses.

(11) Employee benefits

Defined contribution plans

Subsidiaries of the Group in Mainland China contribute monthly pension funds by the amount of a certain percentage of total salaries of local employees in accordance with the pension system regulated by the P.R.C. government. For the years ended December 31, 2025 and 2024, the contribution ratios are both 16%. Pensions of each employee are managed and arranged together by the government. The Group has no further obligation other than make monthly contributions.

There are no relevant operating procedures for pension fund in the subsidiary, Wellsoon International, and the sub-subsidiary, Lida (HK).

Pension expenses recognized by the aforementioned operating procedures of pension fund are as follows:

	<u>2025</u>	<u>2024</u>
Operating costs	\$ 37,631	41,846
Sales and marketing expenses	1,032	958
General and administrative expenses	3,220	3,365
Research and development expenses	1,171	1,196
	<u>\$ 43,054</u>	<u>47,365</u>

(12)Income taxes

Details of income tax expenses of the Group are as follows:

A. Income tax expenses

Details of income tax expenses of the Group are as follows:

	<u>2025</u>	<u>2024</u>
Current tax expenses		
Origination in the current period	\$ 44,291	49,797
Adjustments for current income tax in prior periods	979	<u>(7,221)</u>
	<u>45,270</u>	<u>42,576</u>
Origination and reversal of temporary differences	35,584	5,695
Changes in income tax rates	-	10,568
	<u>35,584</u>	<u>16,263</u>
Income tax expenses	<u><b>\$ 80,854</b></u>	<u><b>58,839</b></u>

Reconciliation of the relationship between the income tax expenses and net profit before tax for the years ended December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Net profit before tax	<u><b>\$ 321,456</b></u>	<u><b>196,618</b></u>
Income taxes calculated by the local tax rates of each company	\$ 41,949	24,558
Changes in income tax rates	-	10,568
Non-deductible expenses	4,760	5,270
Effects of permanent differences	7,229	8,033
Underestimations (overestimations) in prior periods	979	(7,221)
Effects of taxation of repatriated overseas earnings (deferred)	<u>25,937</u>	<u>17,631</u>
Total	<u><b>\$ 80,854</b></u>	<u><b>58,839</b></u>

B. Deferred tax assets and liabilities

(a) Deferred tax assets and liabilities recognized

Changes in deferred tax assets and liabilities for the years ended December 31, 2025 and 2024 are as follows:

	2025				
	Beginning balance	Recognized in income statement	(Actually incurred)	Effects of exchange rate	Ending balance
<b>Deferred tax liabilities:</b>					
Income tax of oversea earnings	\$ 636,588	25,937	(13,573)	(8,563)	640,389
<b>Total deferred tax liabilities</b>	<b>\$ 636,588</b>	<b>25,937</b>	<b>(13,573)</b>	<b>(8,563)</b>	<b>640,389</b>

	2024				
	Beginning balance	Recognized in income statement	(Actually incurred)	Effects of exchange rate	Ending balance
<b>Deferred tax liabilities:</b>					
Income tax of oversea earnings	\$ 598,034	17,631	-	20,923	636,588
<b>Total deferred tax liabilities</b>	<b>\$ 598,034</b>	<b>17,631</b>		<b>20,923</b>	<b>636,588</b>

	2025			
	Beginning balance	Recognized in income statement	Effects of exchange rate	Ending balance
<b>Deferred tax assets:</b>				
Product warranty expenses	\$ 575	1	(8)	568
Expected credit losses	27,217	(9,589)	(454)	17,174
Inventory valuation losses	82	(59)	(2)	21
<b>Total deferred tax assets</b>	<b>\$ 27,874</b>	<b>(9,647)</b>	<b>(464)</b>	<b>17,763</b>

	2024			
	Beginning balance	Recognized in income statement	Effects of exchange rate	Ending balance
<b>Deferred tax assets:</b>				
Product warranty expenses	\$ 1,217	(946)	304	575
Expected credit losses	24,068	2,564	585	27,217
Inventory valuation losses	323	(250)	9	82
<b>Total deferred tax assets</b>	<b>\$ 25,608</b>	<b>1,368</b>	<b>898</b>	<b>27,874</b>

The Company and Wellsoon International are registered in Cayman Islands and British Virgin Islands, respectively. Based on local regulations, income from profit-seeking is exempt from tax. Lida (HK) is registered in Hong Kong Special Administrative Region of the People's Republic of China. Based on "Inland Revenue Ordinance" of Hong Kong, income from profit-seeking is only taxable to the extent that the income is originated from Hong Kong. However, Lida (HK) did not incur taxable income for the years ended December 31, 2025 and 2024. Lida (China) and Lida (Jiangxi) are registered in People's Republic of China. Based on the regulations of enterprise income tax in P.R.C., enterprise income tax is collected at the legal tax rate of 25%. However, Lida (China) paid the enterprise income tax at the high-tech enterprise preferential tax rate of 15% since 2024, and the effective period is 3 years.

(13) Capital and other equity interests

A. Issue of ordinary shares

As of December 31, 2025 and 2024, the Company's authorized capital consisted of 150,000 thousand shares amounting to NT\$1,500,000 thousand, with a par value of NT\$10 per share. 116,000 thousand shares have been issued. And all the payments for the issued share have been collected in full.

B. Capital surplus

In accordance with the Company's Articles of Incorporation:

- During the listing period, capital surplus can only be used to offset a deficit, and only the capital surplus can be used to increase the ordinary shares or be distributed as cash dividends, if the Company incurs no accumulated deficit. The aforementioned capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. Besides, according to the Securities and Exchange Act, capital increases by transferring the aforementioned capital surplus should not exceed 10% of the total common stock outstanding. The Company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.
- During the non-listing period, unless otherwise stipulated in laws and regulations, the board of directors may increase capital, or distribute new shares to shareholders in proportion to the original percentage of ownership, by the balances in all or part of the premium on issuance of shares accounts, other reserve accounts, or earnings accounts, or other distributable profit.

C. Retained earnings

In accordance with the Company's Articles of Incorporation, the current year's earnings (including prior years' unappropriated retained earnings), if any, shall first be used to pay all taxes and offset prior years' operating losses and then set aside special reserve (if needed,

used in any purposes that may be covered by earnings). The remainder (“distributable earnings”), if any, may be distributed by shareholders meeting’s resolution.

Except as stipulated in relevant laws or regulations, or the Articles of Incorporation, the Group’s dividend policy is summarized as follows:

- During the non-listing period, before distributing dividends and bonuses, the board of directors may at its discretion retain a certain amount of reserve fund for business operation, investment or others purposes. When distributing dividends and bonuses, the board of directors may issue new shares and/or cash dividends or others in proportion to the percentage of ownership and authorize the Company to pay out of available fund in accordance with the regulations.
- During the listing period, at least 10% of the distributable earnings, if any, (including reversal of special reserve) plus undistributed earnings for previous years in full or in part shall be appropriated as dividends or bonus to the shareholders in proportion to its ownership. Cash dividends shall account for at least 10% of the total dividends distributed. Dividends, bonus or other interest to shareholders are calculated in NTD unless otherwise resolved by the shareholders meeting.

In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(a) Earnings distribution

Earnings distribution proposals for the years ended December 31, 2024 and 2023 have been resolved by the shareholders meeting on June 18, 2025 and June 27, 2024, respectively. Dividends distributed to shareholders are as follows:

	<u>2024</u>		<u>2023</u>	
	<b>Amount</b>		<b>Amount</b>	
	<b>per share</b>		<b>per share</b>	
	<b>(NT\$)</b>	<b>Amount</b>	<b>(NT\$)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders				
Cash	1.00	\$ <u>116,000</u>	1.10	<u>127,600</u>

D. Other equity interests

	<b>Exchange differences on translation of foreign financial statements</b>
January 1, 2025	\$ (376,615)
Exchange differences on translation of net assets of foreign operations	<u>(91,982)</u>
Balance as of December 31, 2025	<b><u>\$ (468,597)</u></b>
January 1, 2024	\$ (588,257)
Exchange differences on translation of net assets of foreign operations	<u>211,642</u>
Balance as of December 31, 2024	<b><u>\$ (376,615)</u></b>

(14) Earnings per share

Basic and diluted earnings per share are calculated as follows:

	<u>2025</u>	<u>2024</u>
Basic earnings per share		
Net profit attributable to the ordinary shareholders	<b><u>\$ 240,602</u></b>	<b><u>137,779</u></b>
Weighted average number of ordinary shares outstanding	<b><u>116,000</u></b>	<b><u>116,000</u></b>
	<b><u>\$ 2.07</u></b>	<b><u>1.19</u></b>
Diluted earnings per share		
Net profit attributable to the ordinary shareholders	<b><u>\$ 240,602</u></b>	<b><u>137,779</u></b>
Weighted average number of ordinary shares outstanding	116,000	116,000
Effects of dilutive potential ordinary shares		
Effects of employee stock bonus	<u>52</u>	<u>51</u>
Weighted average number of ordinary shares outstanding (after adjusted for the effects of dilutive potential ordinary shares)	<b><u>116,052</u></b>	<b><u>116,051</u></b>
	<b><u>\$ 2.07</u></b>	<b><u>1.19</u></b>

(15) Revenue from contracts with customers

A. Details of revenue

Details of revenue of the Group are as follows:

	<u>2025</u>	<u>2024</u>
Revenue recognized for contracts with customers	<u>\$ 3,466,489</u>	<u>3,632,150</u>
	<u>2024</u>	<u>2023</u>
Major regional market:		
Mainland China	\$ 2,398,635	2,440,211
Other countries (not reaching the standard of 10%)	<u>1,067,854</u>	<u>1,191,939</u>
	<u>\$ 3,466,489</u>	<u>3,632,150</u>
Major product line:		
Air compressor	\$ 3,174,667	3,255,288
Others	<u>291,822</u>	<u>376,862</u>
	<u>\$ 3,466,489</u>	<u>3,632,150</u>

(16) Employees' and directors' remuneration

According to the Company's Articles of Incorporation, during the listing period, once the Company has remaining balances after deducting accumulated deficit from the profit of the current year, it should allocate 0.5%~3% of the profit to its employees and no higher than 2% to its directors as remuneration. Employees' remuneration may be distributed by shares and/or in cash. Directors' remuneration shall not be distributed by shares. Unless otherwise resolved by the shareholders meeting, the employees' remuneration and directors' remuneration shall be calculated based on NTD. The aforementioned "profit" refers to the profit before tax before deducting employees' and directors' remunerations.

For the years ended December 31, 2025 and 2024, the accrued employees' remuneration amounting to NT\$1,195 thousand and NT\$1,111 thousand respectively, and the accrued directors' and supervisors' remuneration amounting to both NT\$0 thousand. These amounts were calculated by using the Company's net profit before tax for the period before deducting the amounts of the remuneration to employees, directors, and supervisors multiplied by the distribution of ratio of the remuneration to employees, directors, and supervisors based on the Company's Articles of Incorporation, and recognized as operating expenses for the years ended December 31, 2025 and 2024. The aforementioned employees', directors', and supervisors' remunerations are the same as the amounts accrued in the consolidated financial statements for the years ended December 31, 2025 and 2024.

(17) Non-operating income and expenses

A. Other gains and losses

Details of other gains and losses of the Group are as follows:

	<u>2025</u>	<u>2024</u>
Gains on foreign exchange	\$ 25,772	13,798
Donation expenditures	(427)	(1,310)
Losses on disposal of property, plant and equipment	(229)	(2,522)
Depreciation expenses of investment properties	(14,746)	(7,185)
Impairment losses	(8,984)	(15,007)
Others	(305)	(1,328)
	<u>\$ 1,081</u>	<u>(13,554)</u>

B. Finance costs

Details of finance costs of the Group are as follows:

	<u>2025</u>	<u>2024</u>
Interests from bank borrowings	<u>\$ 14,015</u>	<u>15,459</u>

(18) Additional information on natures of expenses

	<u>2025</u>	<u>2024</u>
Changes in inventories of finished goods and work in process	\$ (42,726)	(15,331)
Raw materials and supplies consumed	2,344,496	2,368,875
Employee benefit expenses	372,147	426,626
Raw materials used in research and development	200,324	212,993
Depreciation expenses (excluding investment properties)	146,230	129,967
Expected credit losses	(64,410)	82,258
Other costs and expenses	198,474	223,532
Operating costs and operating expenses	<u>\$ 3,154,535</u>	<u>3,428,920</u>

(19) Financial instruments

A. Credit risk

(a) Concentration of credit risk

As the Group has a large group of customers, doesn't significantly trade with a single customer, and the sales area are diversified, there is no concern on significant concentration of credit risk of accounts receivables . In order to mitigate the credit risk,

the Group continues to evaluate the financial conditions of customers on a regular basis, but usually does not request for collaterals.

(b) Credit risk of receivables

Please refer to Note 6(4) for the information on exposure to credit risk of accounts receivables. Other financial assets at amortized cost include certificates of time deposits.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
<b>December 31, 2025</b>							
Non-derivative financial liabilities							
Secured bank loans	\$ 399,297	406,531	273,259	133,272	-	-	-
Accounts payables	467,052	467,052	467,052	-	-	-	-
Other payables	119,682	119,682	119,682	-	-	-	-
	<b>\$ 986,031</b>	<b>993,265</b>	<b>859,993</b>	<b>133,272</b>	-	-	-
<b>December 31, 2024</b>							
Non-derivative financial liabilities							
Secured bank loans	\$ 346,552	354,880	300,256	54,624	-	-	-
Accounts payables	459,949	459,949	459,949	-	-	-	-
Other payables	98,525	98,525	98,525	-	-	-	-
	<b>\$ 905,026</b>	<b>913,354</b>	<b>858,730</b>	<b>54,624</b>	-	-	-

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

C. Foreign exchange risk

The Group's financial assets and liabilities with significant exposure to foreign currency risk are as follows:

	2025.12.31			2024.12.31			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:CNY	\$	8,536	7.0614	266,241	3,569	7.3213	117,010

The Group's foreign currency risk exposure primarily arises from the gains and losses on exchange resulted from translation of cash and cash equivalents, and accounts receivables denominated in foreign currencies. A weakening or strengthening of 1% of the CNY against the USD as of December 31, 2025 and 2024 with other factors unchanged, would have increased or decreased the net profit before tax for the years ended December 31, 2025 and 2024 by NT\$2,662 thousand and NT\$1,170 thousand, respectively. The analysis for the two

periods is on the same basis.

As the Group has various functional currencies, the information on gains or losses on foreign exchange of monetary items are disclosed on a summarized way. The gains or losses on foreign exchange (including realized and unrealized) for the years ended December 31, 2025 and 2024 are gains of NT\$25,772 thousand and gains of NT\$13,798 thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial assets and liabilities.

E. Fair value information

(a) Different levels of the fair value hierarchy to be used in valuation techniques

determining the fair value of financial and non-financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: inputs of assets or liabilities other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs of assets or liabilities.

(b) The management of the Group believes that the carrying amount of the financial assets and liabilities in the consolidated financial statements approximate to the fair value.

(c) Please refer to explanations in Note 6(8) for the fair value information on investment properties measured at cost.

(20) Financial risk management

A. Overview

The Group is exposed to the risk as follows for the use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The note presents the information on exposure to the aforementioned risks, and the objective, policies, and procedures of measurement and management of risks. Please refer to each note to the financial statements for further quantitative disclosures.

B. Risk management framework

The finance department implements the risk management in accordance with the policies approved by the board of directors. The finance department of the Group is responsible for identifying, assessing and avoiding financial risks by closely cooperating with each operating unit within the Group. The board of directors stipulates principles in writing for overall risk management, and provides policies in writing to specific scopes and items, e.g. interest rate risk, foreign exchange risk, credit risk, and investments by residual working capital.

The Group does not enter into transactions of financial instruments (including derivative financial instruments) for the speculative purposes.

C. Credit risk

Credit risk refers to the risk that counterparty of customers or financial instruments will default on its contractual obligations resulting in financial losses to the Group, which primarily arises from accounts receivables from customers.

The Group manages credit risk in terms of the Group. For corresponding banks, only those institutions with good credit rating may be accepted as counterparties of transactions. Based on the credit policies stipulated internally, before confirming and providing payment and delivery terms and conditions with each new customers by each operating entity, management and credit risk analysis are required. Internal risk control assesses the credit quality of customers by considering the financial conditions, past experiences, and other factors. Individual limitations on risk are stipulated by the board of directors based on internal or external ratings, and the use of credit lines are supervised on a regular basis.

The Group does not request for collaterals for accounts receivables and other receivables.

D. Liquidity risk

Cash flow projections are implemented by each operating entity within the Group, and summarized by the finance department of the Group. The finance department of the Group supervises the projections to the requirements of working capital, guarantees there are sufficient funds to support the requirements in operations, and maintains sufficient unused credit lines at any time. The projections take into consideration of the debt financing plans, compliance of the debt terms, and meeting the financial ratio targets in the internal balance sheets, and the requirements of external regulatory laws, e.g. exchange control, etc.

When the residual cash held by each operating entity exceeds the requirements for working capital management, the cash will be remitted back to the finance department of the Group. The finance department of the Group invests in demand deposits and time deposits with interests by the residual funds. The instruments elected are with adequate maturity or sufficient liquidity, in response to the aforementioned projections and providing sufficient funds. As of December 31, 2025 and 2024, the positions in the monetary market held by the

Group amounted to NT\$2,545,766 thousand and NT\$2,389,144 thousand, respectively, which are expected to incur cash flows immediately to manage the liquidity risk.

E. Market risk

Market risk is the risk that the profit of the Group or value of a financial instrument will fluctuate due to changes in market prices, e.g. changes in exchange rates, interest rates, prices of equity instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

As the Group involves transnational operations, the Group is relatively exposed to the foreign exchange risk arising from transactions denominated in different functional currencies of the Company and subsidiaries, primarily USD. Related foreign exchange risks arise from the commercial transactions in the future and the assets and liabilities recognized. The management of the Group has stipulated policies to regulate the companies within the Group to manage the foreign exchange risk relative to the functional currencies. Each company shall hedge for the overall foreign exchange risk through the finance department of the Group.

Interest rate risks of the Group arose from short-term borrowings at fixed interest rate, which expose the Group to fair value interest rate risks. As of December 31, 2025 and 2024, the borrowings at fixed interest rate are denominated in CNY.

(21)Capital management

The objectives of capital management are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and other stakeholders, and maintain the optimal capital structure to decrease costs of capital.

In order to maintain or adjust capital structure, the Group may adjust the dividends paid to shareholders, refund payments for shares by capital reduction, issuing new shares or selling assets to repay liabilities.

**7. Related party transactions**

(1) The parent company and the ultimate controller

The Company is registered and established in Cayman Island, acquired 100% of the shares of Wellsoon International (registered and established in British Virgin Island) by share swap on August 12, 2013, and became the ultimate controller of the Group.

(2)Names and relationships of related parties

The related parties who have transactions with the Group during the periods covered in the financial statements are listed as follows:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Lida Machinery Industry Co., Ltd. (Lida Machinery)	The Group's vice chairman is the company's chairman.
Midakang (Jiangxi) Electric Co., Ltd. (Midakang)	The general manager of the Group is the legal representative of the company

<u>Name of related party</u>	<u>Relationship with the Group</u>
Quanzhou Enlicheng Auto Parts Co., Ltd. (Enlicheng)	The Group's vice chairman is relative within second degrees of the company's supervisor.
Quanzhou Lida Commercial Operation Management Co., Ltd. (Lida Commercial Operation)	The Group's vice chairman is relative within second degrees of the company's chairperson.
Quanzhou Lida Shipping Co., Ltd. (Lida Shipping)	The Group's vice chairman is the company's director.
Quanzhou Yida House Appliance Industry Co., Ltd (Yida House Appliance)	The Group's chairman is the company's shareholder.
Huang, Da-Ping	Vice chairman of the Group
Luo, Ni-Na	Relative within second degrees of the Group's vice chairman.
Directors, general manager, and deputy general manager, etc.	Key management of the Group

(3) Significant transactions with related parties

A. Operating revenue

Amounts of significant sales to related parties are as follows:

	<u>2025</u>	<u>2024</u>
Midakang	<u>\$ 1,157</u>	<u>-</u>

There is no significant difference between the sales conditions of sales to related parties and the general sales prices. The payment term is 2 months.

B. Receivables from related parties

Details of receivables from related parties are as follows:

<u>Account</u>	<u>Related party name</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Accounts receivables	Midakang	<u>\$ 443</u>	<u>-</u>

C. Rental income

Derails of rental income from the related parties are as follows:

	<u>2025</u>	<u>2024</u>
Midakang	\$ 2,195	2,238
Enlicheng	4,310	5,250
Lida Commercial Operation	<u>1,391</u>	<u>1,418</u>
Total	<u>\$ 7,896</u>	<u>8,906</u>

The Group rent part of the plants to related parties. The Group signed lease contracts with related parties based on general market prices, and collected rent monthly in accordance with the contracts.

D. Endorsements and guarantees

Quanzhou Lida Shipping Co., Ltd. guaranteed the Group's short-term borrowings through pledging its own vessels. Besides, Yida House Appliance served as the guarantor for the short-term borrowings of the Group. As of December 31, 2025 and 2024, the guaranteed borrowing facilities amounted to CNY20,000 thousand and CNY60,000 thousand, respectively.

Lida Machinery guaranteed the Group's short-term borrowings through acting as a guarantor and pledging its land and building in Jinfen Village, Dongyuan Town, Quanzhou and Taiwanese Investment Zone. As of December 31, 2025 and 2024, the guaranteed borrowing facilities amounted to CNY37,300 thousand, and CNY32,300 thousand, respectively.

As of December 31, 2025 and 2024, the Group's short-term borrowings were guaranteed jointly and severally by vice chairman, Huang, Da-Ping, and his spouse.

E. Transactions with key management executives

Details of remunerations for the key management executives are as follows:

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 3,811	3,405
Post-employment benefits	446	448
	<u>\$ 4,257</u>	<u>3,853</u>

8. Pledged assets

Details of the carrying amounts of the assets pledged as collaterals are as follows:

<u>Name of assets</u>	<u>Underlying target of the guarantee</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
	Short-term		
Financial assets at amortized cost	borrowings	\$ -	6,717
Investment properties (part of the land and buildings)	Short-term borrowings	58,826	67,388
		<u>\$ 58,826</u>	<u>67,388</u>

9. Significant contingent liabilities and unrecognized contract commitments

(1) Capital expenditures that the Group has signed the contract but not yet incurred

	<u>2025.12.31</u>	<u>2024.12.31</u>
Property, plant and equipment	\$ -	<u>102,116</u>

10. Losses due to major disasters: None.

11. Significant subsequent events: None.

## 12. Others

(1) Employee benefits, depreciation, depletion, and amortization expenses summarized by function are as follows:

By function By nature	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Payroll expenses	230,506	65,841	296,347	254,916	86,094	341,010
Labor and health insurance expenses	15,187	2,834	18,021	19,177	2,835	22,012
Pension expenses	37,631	5,423	43,054	41,846	5,519	47,365
Directors' remunerations	-	1,749	1,749	-	1,854	1,854
Other employee benefit expenses	11,295	1,681	12,976	12,580	1,805	14,385
Depreciation expenses	91,665	54,565	146,230	90,732	39,235	129,967
Amortization expenses	-	-	-	-	-	-

Note: The aforementioned depreciation expenses do not include the depreciation expenses provided for investment properties. Please refer to Note 6(17) for the depreciation expenses of investment properties.

## 13. Other disclosures

(1) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2025:

A. Loans to others: None.

NOTES TO THE CONSOLIDATED STATEMENTS OF LIDA HOLDINGS LIMITED AND SUBSIDIARIES (CONT.)

- B. Provision of endorsements and guarantees to others: None.
- C. Holding of significant marketable securities at the end of the period (excluding investment in subsidiaries, associates and interests in joint arrangements):

Expressed in thousands of NTD

Holding company	Type and name of marketable securities	Relationship with the issuer of the marketable securities	Account	End of period				Note
				Number of shares	Carrying amount	Percentage of ownership	Fair value	
Lida (China) Machine Equipment Co. Limited	CITIC Wealth Fixed Income Stable Profit Wealth Management Products	None	Financial assets at fair value through profit or loss	500,000	2,209	- %	2,209	

- D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- F. Business relationships among the parent company and subsidiaries, and significant intercompany transactions: None.

(2) Information on investees:

Information on the investees of the Group for the year ended December 31, 2025 is as follows:

Expressed in thousands of NTD/shares

Name of investor	Name of investee	Location	Main business and products	Original investment amount		End of the period			Net profit (loss) of investee	Share of profit or loss of investee	Note
				End of the period	End of last year	Shares	Percentage of ownership	Carrying amount			
The Company	Wellsoon International	British Virgin Islands	Investments	1,038,589	1,038,589	10,000	100.00%	6,218,054	251,972	251,972	Subsidiary
Wellsoon International	Lida (HK)	Hong Kong	Investments	42	42	201,669,137	100.00%	6,211,438	252,288	252,288	Sub-subsidiary

Note 1: Unlisted companies have no market price.

Note 2: The transactions have been eliminated in the consolidated financial statements.

(3) Information on investment in Mainland China:

- A. Information on names, main business, etc. of investments in Mainland China:

Expressed in thousands of NTD

Name of investee	Main business	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2024	Net profit (loss) of investee	Percentage of ownership	Gains and losses on investments recognized in the period (Note 3)	Carrying amount (Note 3)	Accumulated remittance of earnings in current period
					Remitted to China	Remitted back to Taiwan						
Lida (China)	Design, manufacture and sales of air compressors	304,928	(Note 1)	-	-	-	-	259,366	100.00%	259,366	6,836,109	13,573
Lida (Jiangxi)	Design, manufacture and sales of air compressors	535,924	(Note 2)	-	-	-	-	(28,919)	100.00%	(28,919)	190,793	-

Note 1: The Company invested through Lida (HK).

Note 2: The Company invested through Lida (China).

Note 3: Gains and losses on investments recognized in the period were evaluated and disclosed based on the financial statements audited

by the parent company's CPA.

Note 4: The transactions have been eliminated in the consolidated financial statements.

**B. Limitation amount on investments in Mainland China:**

<b>Accumulated investment in Mainland China at the end of the period</b>	<b>Investment amount approved by the Investment Commission, MOEA</b>	<b>Maximum investment allowable by the Investment Commission, MOEA (Note)</b>
-	-	-

There was no significant transaction between the Company and investees in Mainland China directly or indirectly through the third region.

**C. Significant transactions with investee companies in Mainland China: None.**

**14. Segment information**

**(1) General information**

The Group operates business only in a single industry, and the board of directors allocates resources and assesses the performance of the Group as a whole. Therefore, the Group has been identified as a single reportable operating segment

**(2) Segment information and information on reconciliation of segment profit or loss**

Information on segment profit or loss, segment assets and segment liabilities are consistent with the information in the financial statements. Please refer to the balance sheets and statements of comprehensive income for details.