

**ZENG HSING INDUSTRIAL CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2025 AND 2024**

Notice to readers:

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To ZENG HSING INDUSTRIAL CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of Zeng Hsing Industrial Co., Ltd. (the “Company”) and its subsidiaries as of 30 September 2025 and 2024, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2025 and 2024, and consolidated statements of changes in equity and cash flows for the nine-month periods ended 30 September 2025 and 2024, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflected total assets of NTD 762,756 thousand and NTD 825,913 thousand, constituting 5.86% and 6.37% of the consolidated total assets, and total liabilities of NTD 210,464 thousand and NTD 218,298 thousand, constituting 4.54% and 5.36% of the consolidated total liabilities as of 30 September 2025 and 2024, respectively; and total comprehensive income of NTD (60,960) thousand, NTD (90,742) thousand, NTD (215,528) thousand and NTD (238,004) thousand, which represented (20.55)%, (33.11)%, (275.76)% and (27.09)% of the consolidated comprehensive income for the three-month and nine-month periods ended 30 September 2025 and 2024, respectively. The financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates' and joint ventures' investments under equity method amounted to NTD 106,280 thousand and NTD 111,830 thousand as of 30 September 2025 and 2024, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NTD 1,759 thousand, NTD 1,571 thousand, NTD 17 thousand and NTD 3,347 thousand for the three-month and nine-month periods ended 30 September 2025 and 2024, respectively. The information related to the above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 30 September 2025 and 2024, and their consolidated financial performance for the three-month and nine-month periods ended 30 September 2025 and 2024, and cash flows for the nine-month periods ended 30 September 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Huang, Ching Ya
Lo, Wen Chen
Ernst & Young, Taiwan
6 November 2025

Notice to Readers

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

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

30 September 2025, 31 December 2024 and 30 September 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of					
		30 September 2025		31 December 2024		30 September 2024	
		Amount	%	Amount	%	Amount	%
Current Assets							
Cash and cash equivalents	6(1), 12	\$2,407,413	18	\$2,279,804	17	\$1,849,314	14
Financial assets measured at amortized cost, current	6(2), 8, 12	348,050	3	551,236	4	568,994	4
Accounts receivable, net	6(3), 6(13), 12	1,998,457	15	1,767,318	14	2,096,737	16
Other receivables	12	67,444	-	82,464	1	107,404	1
Inventories, net	6(4)	1,393,441	11	1,621,789	12	1,467,126	11
Prepayments		78,352	1	50,710	-	60,006	1
Other current assets	8	228,874	2	140,838	1	120,255	1
Total current assets		6,522,031	50	6,494,159	49	6,269,836	48
Non-current assets							
Financial assets measured at amortized cost, non-current	6(2), 8, 12	707,637	5	588,479	4	582,867	5
Investments accounted for under the equity method		106,280	1	114,157	1	111,830	1
Property, plant and equipment	6(5), 8	3,690,753	28	3,907,309	30	3,915,947	30
Right of use assets	6(14)	356,495	3	356,176	3	370,552	3
Intangible assets	6(6)	1,498,043	12	1,534,238	12	1,546,715	12
Deferred tax assets	4	38,091	-	38,414	-	29,943	-
Net defined benefit assets, non-current		2,565	-	2,689	-	-	-
Other non-current assets	12	104,031	1	105,083	1	136,048	1
Total non-current assets		6,503,895	50	6,646,545	51	6,693,902	52
Total assets		\$13,025,926	100	\$13,140,704	100	\$12,963,738	100

(The accompanying notes are an integral part of the consolidated financial statements)

(continued)

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
30 September 2025, 31 December 2024 and 30 September 2024
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of					
		30 September 2025		31 December 2024		30 September 2024	
		Amount	%	Amount	%	Amount	%
Current liabilities							
Short-term loans	6(7), 12	\$1,749,080	13	\$906,000	7	\$950,000	7
Contract liabilities, current	6(12)	45,154	-	74,357	1	115,827	1
Notes payable	12	84,318	1	74,174	1	106,246	1
Accounts payable	12	805,030	6	820,247	6	836,500	6
Other payables	12	472,350	4	638,861	4	497,421	4
Current tax liabilities	4	83,410	1	142,779	1	122,065	1
Long-term borrowings (including current portion with maturity less than 1 year)	6(8), 12	125,394	1	107,525	1	107,525	1
Other current liabilities	6(14), 12	162,631	1	117,288	1	123,651	1
Total current liabilities		3,527,367	27	2,881,231	22	2,859,235	22
Non-current liabilities							
Long-term loans	6(8), 12	517,664	4	616,177	5	643,059	5
Deferred tax liabilities	4	450,032	4	454,210	3	441,322	3
Accrued pension liabilities	4	-	-	-	-	13,773	-
Other non-current liabilities	6(14), 12	140,949	1	110,975	1	118,563	1
Total non-current liabilities		1,108,645	9	1,181,362	9	1,216,717	9
Total liabilities		4,636,012	36	4,062,593	31	4,075,952	31
Equity attributable to the parent company	6(10)						
Capital							
Common stock		665,356	5	665,356	5	665,356	5
Additional paid-in capital		1,890,261	14	1,890,261	14	1,890,261	15
Retained earnings							
Legal reserve		730,563	6	730,563	6	730,563	6
Special reserve		200,146	2	265,979	2	265,979	2
Unappropriated earnings		2,140,101	16	2,213,091	17	2,132,250	16
Total Retained earnings		3,070,810	24	3,209,633	25	3,128,792	24
Other components of equity							
Exchange differences on translation of foreign operations - the parent company		(471,161)	(4)	(200,145)	(2)	(202,774)	(1)
Equity attributable to owners of the parent		5,155,266	39	5,565,105	42	5,481,635	43
Non-controlling interests	6(11), 6(21)	3,234,648	25	3,513,006	27	3,406,151	26
Total equity		8,389,914	64	9,078,111	69	8,887,786	69
Total liabilities and equity		\$13,025,926	100	\$13,140,704	100	\$12,963,738	100

(The accompanying notes are an integral part of the consolidated financial statements)

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month and nine-month periods ended 30 September 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the three-month periods ended 30 September				For the nine-month periods ended 30 September			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	6(12)	\$2,248,509	100	\$2,442,963	100	\$6,472,831	100	\$6,310,081	100
Cost of Sales	6(4), 6(15)	(1,632,443)	(73)	(1,734,244)	(71)	(4,753,160)	(73)	(4,487,378)	(71)
Gross Profit		616,066	27	708,719	29	1,719,671	27	1,822,703	29
Operating Expenses	6(14), 6(15)								
Selling and marketing		(70,015)	(3)	(71,411)	(3)	(212,080)	(3)	(217,004)	(4)
Management and administrative		(202,681)	(9)	(210,361)	(9)	(598,024)	(9)	(584,889)	(9)
Research and development		(94,843)	(4)	(98,001)	(4)	(285,159)	(5)	(279,165)	(4)
Expected credit losses	6(13)	(1,433)	-	(1,096)	-	(375)	-	(1,994)	-
Total Operating Expenses		(368,972)	(16)	(380,869)	(16)	(1,095,638)	(17)	(1,083,052)	(17)
Operating Income		247,094	11	327,850	13	624,033	10	739,651	12
Non-operating income and expenses	6(16)								
Other income		25,925	1	41,382	2	85,781	1	116,018	2
Other gain and loss		34,121	2	(33,158)	(1)	(20,377)	-	72,726	1
Financial costs		(9,948)	-	(5,254)	-	(26,457)	(1)	(14,006)	-
Share of profit or loss of associates and joint ventures		1,759	-	1,571	-	17	-	3,347	-
Subtotal		51,857	3	4,541	1	38,964	-	178,085	3
Income before income tax		298,951	13	332,391	14	662,997	10	917,736	15
Income tax expense	4, 6(18)	(82,531)	(4)	(62,270)	(3)	(181,057)	(3)	(182,246)	(3)
Income, net of tax		216,420	9	270,121	11	481,940	7	735,490	12
Other comprehensive income, net	6(17)								
Items that may be reclassified subsequently to profit or loss									
Exchange differences on translation of foreign operations		100,228	4	33,031	1	(480,057)	(7)	183,095	3
Income tax related to items that may be reclassified subsequently		(20,032)	(1)	(29,075)	(1)	76,274	1	(40,115)	(1)
Total other comprehensive income , net of tax		80,196	3	3,956	-	(403,783)	(6)	142,980	2
Total comprehensive income		\$296,616	13	\$274,077	11	\$78,157	1	\$878,470	14
Net income attributable to:									
Stockholders of the parent		\$149,541		\$135,900		\$283,964		\$367,450	
Non-controlling interests		66,879		134,221		197,976		368,040	
		<u>\$216,420</u>		<u>\$270,121</u>		<u>\$481,940</u>		<u>\$735,490</u>	
Comprehensive income attributable to:									
Stockholder of the parent		\$181,428		\$155,867		\$12,385		\$430,914	
Non-controlling interests		115,188		118,210		65,772		447,556	
		<u>\$296,616</u>		<u>\$274,077</u>		<u>\$78,157</u>		<u>\$878,470</u>	
Earnings per share (NTD)	6(19)								
Earnings per share-basic		<u>\$2.25</u>		<u>\$2.04</u>		<u>\$4.27</u>		<u>\$5.52</u>	
Earnings per share-diluted		<u>\$2.24</u>		<u>\$2.04</u>		<u>\$4.25</u>		<u>\$5.51</u>	

(The accompanying notes are an integral part of the consolidated financial statements)

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine-month periods ended 30 September 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2024	6(10)	\$665,356	\$1,890,261	\$730,563	\$202,396	\$2,125,301	\$(265,978)	\$5,347,899	\$3,263,589	\$8,611,488
Appropriations of earnings, 2023:										
Special reserve					63,583	(63,583)		-		-
Cash dividends						(252,836)		(252,836)		(252,836)
Net income for the nine-month period ended 30 September 2024						367,450		367,450	368,040	735,490
Other comprehensive income, net of tax for the nine-month period ended 30 September 2024							63,464	63,464	79,516	142,980
Total comprehensive income		-	-	-	-	367,450	63,464	430,914	447,556	878,470
Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries						(44,082)	(260)	(44,342)	(56,162)	(100,504)
Cash dividends of subsidiary									(248,848)	(248,848)
Changes in non-controlling interests									16	16
Balance as of 30 September 2024	6(10)	\$665,356	\$1,890,261	\$730,563	\$265,979	\$2,132,250	\$(202,774)	\$5,481,635	\$3,406,151	\$8,887,786
Balance as of 1 January 2025	6(10)	\$665,356	\$1,890,261	\$730,563	\$265,979	\$2,213,091	\$(200,145)	\$5,565,105	\$3,513,006	\$9,078,111
Appropriations of earnings, 2024:										
Special reserve					(65,833)	65,833		-		-
Cash dividends						(399,214)		(399,214)		(399,214)
Net income for the nine-month period ended 30 September 2025						283,964		283,964	197,976	481,940
Other comprehensive income, net of tax for the nine-month period ended 30 September 2025							(271,579)	(271,579)	(132,204)	(403,783)
Total comprehensive income		-	-	-	-	283,964	(271,579)	12,385	65,772	78,157
Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries						(23,573)	563	(23,010)	(27,087)	(50,097)
Cash dividends of subsidiary									(317,043)	(317,043)
Balance as of 30 September 2025	6(10)	\$665,356	\$1,890,261	\$730,563	\$200,146	\$2,140,101	\$(471,161)	\$5,155,266	\$3,234,648	\$8,389,914

(The accompanying notes are an integral part of the consolidated financial statements)

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine-month periods ended 30 September 2025 and 2024
(Expressed in Thousand New Taiwan Dollars)

	For the nine-month periods ended 30 September	
	2025	2024
Cash flows from operating activities:		
Net income before tax	\$662,997	\$917,736
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	405,019	416,640
Amortization	76,734	72,251
Gain on disposal of property, plant and equipment	(13,554)	(2,046)
Property, plant and equipment transferred to expenses	1,475	-
Loss (gain) from market value decline, obsolete and slow-moving of inventories	11,903	(12,833)
Share of profit or loss of associates and joint ventures	(17)	(3,347)
Expected credit losses	375	1,994
Interest income	(46,906)	(48,248)
Interest expense	26,457	14,006
Changes in operating assets and liabilities:		
Note receivables	(8,019)	(16,361)
Accounts receivable	(255,091)	(557,654)
Other receivables	33,271	(18,373)
Inventories	194,962	(179,917)
Prepayments	(30,701)	(16,942)
Other current assets	(89,800)	180
Net defined benefit assets, non-current	124	-
Contract liabilities	(29,203)	46,254
Notes payable	10,144	(38,489)
Accounts payable	(15,091)	103,881
Other payables	(195,461)	36,201
Other current liabilities	31,153	(7,427)
Accrued pension liabilities	-	(5,899)
Cash generated from operations	770,771	701,607
Interest received	28,655	48,248
Income tax paid	(157,182)	(166,044)
Net cash provided by operating activities	642,244	583,811
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	84,028	(972,070)
Acquisition of property, plant and equipment	(218,073)	(330,420)
Proceeds from disposal of property, plant and equipment	16,484	17,758
Decrease in refundable deposits	1,695	321
Acquisition of intangible assets	(11,514)	(5,840)
Dividends received	3,550	3,550
Increase in other non-current assets	(65,807)	(117,475)
Net cash used in investing activities	(189,637)	(1,404,176)
Cash flows from financing activities:		
Increase in short-term loans	7,977,200	2,341,000
Decrease in short-term loans	(7,134,120)	(1,784,000)
Increase in long-term loans	-	18,000
Decrease in long-term loans	(80,644)	(123,643)
Lease principal repayment	(36,865)	(53,245)
Increase in other non-current liabilities	10,926	-
Cash dividends	(399,214)	(252,836)
Interest paid	(25,675)	(13,770)
Cash dividends of subsidiary	(317,043)	(248,848)
Acquisition of ownership interests in subsidiaries	(50,097)	(99,843)
Net cash used in financing activities	(55,532)	(217,185)
Effect of exchange rate changes on cash and cash equivalents	(269,466)	41,634
Net increase (decrease) in cash and cash equivalents	127,609	(995,916)
Cash and cash equivalents at beginning of period	2,279,804	2,845,230
Cash and cash equivalents at end of period	\$2,407,413	\$1,849,314

(The accompanying notes are an integral part of the consolidated financial statements)

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Nine-month Periods Ended 30 September 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

1. ORGANIZATION AND OPERATIONS

Zeng Hsing Industrial Co., Ltd. (the Company) was incorporated in 1968 to manufacture and market household sewing machines, vacuum cleaners, and the spare parts used on these products. The Company applied to be listed on the GreTai Securities Market in April 2004, and was authorized for trading over the counter on 28 December 2007. On 23 December 2014, the Company was authorized to be listed on Taiwan Stock Exchange.

Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. is controlled by the Company, which was incorporated in 1998 to manufacture household sewing machines in Jiangsu Province, China.

Zeng Hsing Industrial Co., Ltd. (VN) is controlled by the Company, which was incorporated in 2004 to manufacture household sewing machines in BinhDuong Province, Vietnam.

Shinco Technologies Limited (VN) is controlled by the Company, which was incorporated in 2007 to die-cast metal alloy of aluminum, zinc and magnesium in BinhDuong Province, Vietnam.

Turvo International Co., Ltd. is controlled by the Company, which was incorporated on 29 December 1987 to manufacture pneumatic tools, mechanical parts, hardware parts, woodworking lathes, wood planer, etc., processing, manufacturing, trading of optical parts and import and export trade of the aforesaid products.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and subsidiaries (hereinafter referred to as “the Group”) for the nine-month periods ended 30 September 2025 and 2024 were authorized for issue in accordance with the resolution of the board of directors’ meeting held on 6 November 2025.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new standards and amendments had no material impact on the Group.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, and not yet adopted by the Group as at the date when the Group’s financial statements were authorized for issue, are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 17 “Insurance Contracts”	1 January 2023
b	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
c	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
d	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

(a) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (3) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11

- (1) Amendments to IFRS 1
- (2) Amendments to IFRS 7
- (3) Amendments to Guidance on implementing IFRS 7
- (4) Amendments to IFRS 9
- (5) Amendments to IFRS 10
- (6) Amendments to IAS 7

(d) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify the application of the ‘own-use’ requirements.
- (2) Permit hedge accounting if these contracts are used as hedging instruments.
- (3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned amendments are applicable for annual periods beginning on or after 1 January 2026 and have no material impact on the Group.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Group as at the date when the Group's financial statements were authorized for issue, are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027 (Note)
c	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027

Note: On 25 September 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

- (a) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

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Notes to Consolidated Financial Statements (Continued)
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(b) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

- (1) Improved comparability in the statement of profit or loss (income statement)
IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.
- (2) Enhanced transparency of management-defined performance measures
IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.
- (3) Useful grouping of information in the financial statements
IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(c) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (b), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended 30 September 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NTD”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- (f) recognizes any resulting difference in profit or loss.

The consolidated entities are as follows:

Investor	Subsidiary	Business nature	Percentage of ownership (%)		
			30 September 2025	31 December 2024	30 September 2024
the Company	Zeng Hsing Industrial Co., Ltd. (BVI) [Zeng Hsing (BVI)]	Trading and holding company	100.00%	100.00%	100.00%
the Company	Zeng Hsing Industrial Co., Ltd. (VN) [Zeng Hsing (VN)]	Manufacturing household sewing machines	100.00%	100.00%	100.00%
the Company	Shinco Technologies Limited (VN) [Shinco (VN)]	Material die-casting of metal of aluminum, zinc and magnesium alloy	100.00%	100.00%	100.00%
the Company	Mitsumichi Industrial Co., Ltd. [Mitsumichi]	Manufacturing household overlock machines	53.00%	53.00%	53.00%

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Notes to Consolidated Financial Statements (Continued)

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Investor	Subsidiary	Business nature	Percentage of ownership (%)		
			30 September 2025	31 December 2024	30 September 2024
the Company	Turvo International Co., Ltd. [Turvo]	Manufacturing precision parts for automotive and industrial applications	26.06% (Note 1)	25.49% (Note 1)	25.18% (Note 1)
the Company	Taiwan Cheer Champ Co., Ltd.	Selling household sewing machines	85.68%	85.68%	85.68%
Zeng Hsing Industrial Co., Ltd. (BVI) [Zeng Hsing (BVI)]	Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang]	Manufacturing household sewing machines	100.00%	100.00%	100.00%
Zeng Hsing Industrial Co., Ltd. (BVI) [Zeng Hsing (BVI)]	Arcoris Pte Ltd.	Holding company	100.00%	100.00%	100.00%
Zeng Hsing Industrial Co., Ltd. (BVI) [Zeng Hsing (BVI)]	Jetsun Technology Co., Ltd (Seychelles)	Holding company	100.00%	100.00%	100.00%
Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang]	Zhangjiagang Zenghsing Trading Co., Ltd. [Zhangjiagang trading]	Selling household sewing machines and spare parts	100.00%	100.00%	100.00%
Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang]	Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. [Cheau Hsing]	Selling household sewing machines and spare parts	100.00%	100.00%	100.00%
Jetsun Technology Co., Ltd (Seychelles)	Jetsun Technology Company Limited	Research and design of filtration equipment	100.00%	100.00%	100.00%
Arcoris Pte Ltd.	Zorca Worldwide Ltd.	Holding company	-% (Note 2)	100.00%	100.00%
Zeng Hsing Industrial Co., Ltd. (VN) [Zeng Hsing (VN)]	Zeng Hsing Vietnam Trading Co., Ltd. (VN)	Import and export trading, wholesale and selling	100.00%	100.00%	100.00%
Turvo International Co., Ltd. [Turvo]	TIPO International Co., Ltd. (Samoa) [TIPO]	Financial investment, import and export trading	100.00%	100.00%	100.00%
Turvo International Co., Ltd. [Turvo]	T&M Joint (Cayman) Holding Co., Ltd. [T&M] (Note 3)	Holding company	35.71%	35.71%	35.71%
Turvo International Co., Ltd. [Turvo]	TUF Technology Co., Ltd. [TUF]	Import and export trading	100.00%	100.00%	100.00%
TIPO International Co., Ltd. (Samoa) [TIPO]	Hong-Kong Xin-Feng Co., Ltd. [HK Xin-Feng]	Holding company	100.00%	100.00%	100.00%

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Notes to Consolidated Financial Statements (Continued)

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Investor	Subsidiary	Business nature	Percentage of ownership (%)		
			30 September 2025	31 December 2024	30 September 2024
TIPO International Co., Ltd. (Samoa)	Zhejiang Yu-Zuan Precision Component Co., Ltd.	Producing and selling computers, medical equipment, optics, automobile, photoelectric, precision hardware and other parts	100.00%	100.00%	100.00%
[TIPO], Dong-Guan Xin- Feng Hardware Machinery Plastics Industry Co., Ltd.					
Hong-Kong Xin-Feng Co., Ltd.	Dong-Guan Xin-Feng Hardware Machinery Plastics Industry Co., Ltd.	Producing and selling computers, medical equipment, optics, automobile, photoelectric, precision hardware and other parts	100.00%	100.00%	100.00%
[HK Xin-Feng]					
T&M Joint (Cayman) Holding Co., Ltd.	Matec Southeast Asia (Thailand) Co., Ltd.	Manufacturing forging spare parts	99.9991%	99.9991%	99.9991%
[T&M]					

Note 1. The Company acquired 21.56% equity of Turvo International Co., Ltd., and became the largest shareholder of Turvo International Co., Ltd. On 31 August 2022, Turvo International Co., Ltd. held an extraordinary meeting of shareholders to reelect all directors and independent directors. The Company has obtained a majority of the directors' seats, and the legal representative of the Company has been appointed as the chairman by the board directors of Turvo International Co., Ltd. The Company leads and controls the major activities of Turvo International Co., Ltd., which have been included in the consolidated statements since the date of acquisition of control. From the date of acquisition to 30 September 2025 the company acquired an additional 4.5% equity of Turvo International Co., Ltd. (Turvo), holding total 26.06% equity of Turvo International Co., Ltd. Please refer to Note 6(21) for details.

Note 2. Zorca Worldwide Ltd. was dissolved on 6 April 2025.

Note 3. On 1 January 2018, T&M has been included in the preparation of consolidated financial statements by Turvo International Co., Ltd. because Turvo International Co., Ltd. became the major shareholder of T&M, and the remaining equity of T&M are held by many other shareholders. In the absence of contractual rights, Turvo International Co., Ltd. has obtained the authorization for a relative majority of the voting rights, and has the right to appoint key management personnel capable of leading the relevant activities of T&M. Therefore, Turvo International Co., Ltd. determines that it has control over T&M even if Turvo International Co., Ltd. holds less than 50% of T&M's voting rights.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Except for Zeng Hsing Industrial Co., Ltd.(VN), Shinco Technologies Limited(VN), and Turvo International Co., Ltd., the financial statements of some of the consolidated subsidiaries listed above have not been reviewed by independent accountants. As at 30 September 2025 and 30 September 2024, the related assets of the subsidiaries which were unreviewed by auditors amounted to \$762,756 and \$825,913, respectively; and the related liabilities amounted to \$210,464 and \$218,298, respectively. The comprehensive income of these subsidiaries amounted to \$(60,960), \$(90,742), \$(215,528) and \$(238,004) for the three-month and nine-month periods ended 30 September 2025 and 2024, respectively.

- (4) Except for the accounting policies described below, the significant accounting policies adopted in the preparation of the Group's consolidated financial statements for the first three quarters of 2025 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2024. Please refer to Note 4 of the Group's 2024 consolidated financial statements for details.

(a) Post-employment benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(b) Income Tax

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

B. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

C. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

D. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

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Notes to Consolidated Financial Statements (Continued)
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E. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry-forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

F. Measure lease liabilities and right-of-use assets

The Group is required to measure lease liabilities and estimated right-of-use assets in accordance with IFRS 16. This includes: determining the duration of the lease and determining the implied interest rate of the lease.

The Group has decided that the lease period shall be the non-cancellable period of the lease, and the following:

- (A) For the period covered by the lease extension option, if the Group can reasonably determine that it will exercise such right; and
- (B) The period covered by the option to terminate the lease will not be exercised if the Group reasonably determines that the option will not be exercised.

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Notes to Consolidated Financial Statements (Continued)
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The lease liability is to estimate the present value of the lease payment according to the implied lease interest rate, which is not easy to determine. The Group uses the increased borrowing rate as the discount rate.

The assumptions used to measure lease liabilities. Please refer to Note 6 for more details.

G. Impairment of goodwill

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	30 September 2025	31 December 2024	30 September 2024
Cash on hand	\$2,511	\$3,115	\$1,863
Checking and savings accounts	1,770,752	1,825,319	1,455,888
Time deposits	497,812	285,541	232,193
Repurchase agreements	134,727	165,259	158,547
Cash equivalents	1,611	570	823
Total	<u>\$2,407,413</u>	<u>\$2,279,804</u>	<u>\$1,849,314</u>

No cash and cash equivalents were pledged.

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(2) Financial assets measured at amortized cost

	As of		
	30 September 2025	31 December 2024	30 September 2024
Time deposits	\$1,043,948	\$1,129,110	\$1,141,259
Restricted deposits	11,739	10,605	10,602
Total	<u>\$1,055,687</u>	<u>\$1,139,715</u>	<u>\$1,151,861</u>
Current	\$348,050	\$551,236	\$568,994
Non-current	<u>707,637</u>	<u>588,479</u>	<u>582,867</u>
Total	<u>\$1,055,687</u>	<u>\$1,139,715</u>	<u>\$1,151,861</u>

Please refer to Note 8 for details on the restricted deposits under pledge.

(3) Accounts receivables, net

	As of		
	30 September 2025	31 December 2024	30 September 2024
Accounts receivable - non related parties	\$2,051,676	\$1,820,808	\$2,113,178
Accounts receivable – related parties	181	-	-
Less: loss allowance	<u>(53,400)</u>	<u>(53,490)</u>	<u>(16,441)</u>
Accounts receivable, net	<u>\$1,998,457</u>	<u>\$1,767,318</u>	<u>\$2,096,737</u>

Trade receivables are generally on 45-90 day terms. The total carrying amount as of 30 September 2025, 31 December 2024 and 30 September 2024 were \$2,051,857, \$1,820,808 and \$2,113,178, respectively. Please refer to Note 6(13) for more details on loss allowance of trade receivables for the nine-month periods ended 30 September 2025 and 2024. Please refer to Note 12 for more details on credit risk management.

No accounts receivables were pledged.

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(4) Inventories, net

a. Details as follows

	As of		
	30 September 2025	31 December 2024	30 September 2024
Raw materials	\$536,733	\$660,148	\$639,112
Finished goods	526,873	653,750	494,384
Work in progress	194,823	173,777	213,935
Semi-manufactured goods	135,012	134,114	119,695
Total	<u>\$1,393,441</u>	<u>\$1,621,789</u>	<u>\$1,467,126</u>

- b. The Group cost of inventories recognized in cost of sales amounts to \$1,632,443 for the three-month period ended 30 September 2025, including the loss from market value decline, obsolete and slow-moving of inventories \$4,797. The Group cost of inventories recognized in cost of sales amounts to \$4,753,160 for the nine-month period ended 30 September 2025, including the loss from market value decline, obsolete and slow-moving of inventories \$11,903.
- c. The Group cost of inventories recognized in cost of sales amounts to \$1,734,244 for the three-month period ended 30 September 2024, including the loss from market value decline, obsolete and slow-moving of inventories \$2,428. The Group cost of inventories recognized in cost of sales amounts to \$4,487,378 for the nine-month period ended 30 September 2024, including the gain from price recovery of inventories in the amount of \$12,833. The gains from inventory price recovery were recognized due to the fact that the inventory that has been established a valuation loss earlier has been scrapped and the sluggish inventory has been consumed.
- d. No inventories were pledged.

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Notes to Consolidated Financial Statements (Continued)
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(5) Property, plant and equipment

	As of		
	30 September 2025	31 December 2024	30 September 2024
Owner occupied property, plant and equipment	\$3,690,753	\$3,907,309	\$3,915,947

A. Owner occupied property, plant and equipment

	Land	Buildings and Facilities	Machinery and equipment	Tooling equipment	Transportation equipment	Furniture, fixtures and equipment	Leasehold improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:										
As of 1 January 2025	\$90,975	\$2,296,110	\$3,675,695	\$594,701	\$47,790	\$46,260	\$145,472	\$1,161,600	\$134,811	\$8,193,414
Additions	-	15,119	118,313	18,570	281	1,133	3,663	54,095	31,296	242,470
Disposals	-	(61)	(165,451)	(19,640)	(1,809)	(1,881)	(881)	(10,965)	-	(200,688)
Transfers	-	120,088	5,612	22,938	97	-	-	3,053	(121,508)	30,280
Exchange differences	(87)	(61,239)	(213,605)	(53,682)	(2,910)	(1,209)	(6,835)	(49,978)	(7,961)	(397,506)
As of 30 September 2025	<u>\$90,888</u>	<u>\$2,370,017</u>	<u>\$3,420,564</u>	<u>\$562,887</u>	<u>\$43,449</u>	<u>\$44,303</u>	<u>\$141,419</u>	<u>\$1,157,805</u>	<u>\$36,638</u>	<u>\$7,867,970</u>
Cost:										
As of 1 January 2024	\$90,626	\$2,030,304	\$3,549,928	\$573,701	\$45,198	\$38,500	\$150,404	\$989,774	\$157,281	\$7,625,716
Additions	-	28,632	92,801	17,389	453	1,845	1,143	49,234	53,131	244,628
Disposals	-	(390)	(53,914)	(39,609)	(1,556)	(1,141)	(11,706)	(17,370)	-	(125,686)
Transfers	-	122,611	35,684	30,960	246	186	-	94,152	2,527	286,366
Exchange differences	497	18,640	91,605	9,665	870	373	4,406	17,539	2,258	145,853
As of 30 September 2024	<u>\$91,123</u>	<u>\$2,199,797</u>	<u>\$3,716,104</u>	<u>\$592,106</u>	<u>\$45,211</u>	<u>\$39,763</u>	<u>\$144,247</u>	<u>\$1,133,329</u>	<u>\$215,197</u>	<u>\$8,176,877</u>

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	Land	Buildings and Facilities	Machinery and equipment	Tooling equipment	Transportation equipment	Furniture, fixtures and equipment	Leasehold improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:										
As of 1 January 2025	\$-	\$531,850	\$2,373,636	\$508,081	\$35,610	\$32,500	\$105,916	\$698,512	\$-	\$4,286,105
Depreciation	-	51,837	184,109	41,430	2,258	2,920	7,247	66,083	-	355,884
Disposals	-	(61)	(163,177)	(19,239)	(1,795)	(1,881)	(881)	(10,724)	-	(197,758)
Exchange differences	-	(24,776)	(151,693)	(45,320)	(2,270)	(1,026)	(4,963)	(36,966)	-	(267,014)
As of 30 September 2025	<u>\$-</u>	<u>\$558,850</u>	<u>\$2,242,875</u>	<u>\$484,952</u>	<u>\$33,803</u>	<u>\$32,513</u>	<u>\$107,319</u>	<u>\$716,905</u>	<u>\$-</u>	<u>\$4,177,217</u>
As of 1 January 2024	\$-	\$465,179	\$2,177,328	\$485,849	\$34,781	\$30,625	\$102,101	\$619,198	\$-	\$3,915,061
Depreciation	-	42,589	203,328	43,393	2,323	2,373	8,933	61,260	-	364,199
Disposals	-	(303)	(48,191)	(32,682)	(1,545)	(1,050)	(11,001)	(15,202)	-	(109,974)
Exchange differences	-	9,548	57,347	8,258	725	329	2,871	12,566	-	91,644
As of 30 September 2024	<u>\$-</u>	<u>\$517,013</u>	<u>\$2,389,812</u>	<u>\$504,818</u>	<u>\$36,284</u>	<u>\$32,277</u>	<u>\$102,904</u>	<u>\$677,822</u>	<u>\$-</u>	<u>\$4,260,930</u>
Net carrying amount as of:										
30 September 2025	<u>\$90,888</u>	<u>\$1,811,167</u>	<u>\$1,177,689</u>	<u>\$77,935</u>	<u>\$9,646</u>	<u>\$11,790</u>	<u>\$34,100</u>	<u>\$440,900</u>	<u>\$36,638</u>	<u>\$3,690,753</u>
31 December 2024	<u>\$90,975</u>	<u>\$1,764,260</u>	<u>\$1,302,059</u>	<u>\$86,620</u>	<u>\$12,180</u>	<u>\$13,760</u>	<u>\$39,556</u>	<u>\$463,088</u>	<u>\$134,811</u>	<u>\$3,907,309</u>
30 September 2024	<u>\$91,123</u>	<u>\$1,682,784</u>	<u>\$1,326,292</u>	<u>\$87,288</u>	<u>\$8,927</u>	<u>\$7,486</u>	<u>\$41,343</u>	<u>\$455,507</u>	<u>\$215,197</u>	<u>\$3,915,947</u>

B. The major components of the Group's buildings are main buildings, factory buildings and are depreciated according to their useful life of 50 and 35 years, respectively.

C. Please refer to Note 8 for property, plant and equipment pledged as collateral.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- D. The capitalization amount of the borrowing costs of the Group for the nine-month periods ended 30 September 2025 and 2024, and its interest rates are as follows:

Items	For the nine-month period ended 30 September 2025	For the nine-month period ended 30 September 2024
Construction in progress	\$509	\$4,189
Borrowing cost capitalization interest rate interval	1.720%	1.720%

(6) Intangible assets

	Patents	Trademarks	Software	Goodwill	Others	Customer Relationship	Total
Cost:							
As of 1 January 2025	\$8,274	\$3,844	\$183,404	\$767,157	\$9,195	\$855,221	\$1,827,095
Addition-acquired separately	2,674	218	8,622	-	-	-	11,514
Reclassification	-	-	2,123	-	-	-	2,123
Exchange differences	-	-	(1,557)	-	(487)	-	(2,044)
As of 30 September 2025	<u>\$10,948</u>	<u>\$4,062</u>	<u>\$192,592</u>	<u>\$767,157</u>	<u>\$8,708</u>	<u>\$855,221</u>	<u>\$1,838,688</u>
As of 1 January 2024	\$7,099	\$3,607	\$174,108	\$767,157	\$9,130	\$855,221	\$1,816,322
Addition-acquired separately	700	113	5,027	-	-	-	5,840
Reclassification	-	-	474	-	-	-	474
Exchange differences	-	-	314	-	74	-	388
As of 30 September 2024	<u>\$7,799</u>	<u>\$3,720</u>	<u>\$179,923</u>	<u>\$767,157</u>	<u>\$9,204</u>	<u>\$855,221</u>	<u>\$1,823,024</u>
Amortization and impairment							
As of 1 January 2025	\$3,726	\$2,451	\$161,548	\$-	\$413	\$124,719	\$292,857
Amortization	428	142	8,334	-	97	40,089	49,090
Exchange differences	-	-	(1,255)	-	(47)	-	(1,302)
As of 30 September 2025	<u>\$4,154</u>	<u>\$2,593</u>	<u>\$168,627</u>	<u>\$-</u>	<u>\$463</u>	<u>\$164,808</u>	<u>\$340,645</u>
As of 1 January 2024	\$3,261	\$2,183	\$149,190	\$-	\$272	\$71,268	\$226,174
Amortization	337	124	9,261	-	103	40,089	49,914
Exchange differences	-	-	216	-	5	-	221
As of 30 September 2024	<u>\$3,598</u>	<u>\$2,307</u>	<u>\$158,667</u>	<u>\$-</u>	<u>\$380</u>	<u>\$111,357</u>	<u>\$276,309</u>
30 September 2025	<u>\$6,794</u>	<u>\$1,469</u>	<u>\$23,965</u>	<u>\$767,157</u>	<u>\$8,245</u>	<u>\$690,413</u>	<u>\$1,498,043</u>
31 December 2024	<u>\$4,548</u>	<u>\$1,393</u>	<u>\$21,856</u>	<u>\$767,157</u>	<u>\$8,782</u>	<u>\$730,502</u>	<u>\$1,534,238</u>
30 September 2024	<u>\$4,201</u>	<u>\$1,413</u>	<u>\$21,256</u>	<u>\$767,157</u>	<u>\$8,824</u>	<u>\$743,864</u>	<u>\$1,546,715</u>

Amortization expense of intangible assets under the statement of comprehensive income:

	three-month periods ended 30 September		nine-month periods ended 30 September	
	2025	2024	2025	2024
Operating expenses	<u>\$16,239</u>	<u>\$16,501</u>	<u>\$49,090</u>	<u>\$49,914</u>

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(7) Short-term loans

	Interest Rates (%)	As of		
		30 September 2025	31 December 2024	30 September 2024
Unsecured bank loans	1.725%-1.80%	\$1,743,080	\$898,000	\$935,000
Secured bank loans	2.70%	6,000	8,000	15,000
Total		<u>\$1,749,080</u>	<u>\$906,000</u>	<u>\$950,000</u>

The Group's unused short-term lines of credits amounted to \$3,460,365, \$4,142,743 and \$4,218,287 as of 30 September 2025, 31 December 2024 and 30 September 2024, respectively.

(8) Long-term loans

A. Details of long-term loans as of 30 September 2025, 31 December 2024 and 30 September 2024 are as follows:

Creditor	30 September 2025	Rate (%)	Repayment period and methods
Bank of Taiwan (Secured)	\$214,433	1.720%	The term of the loan is 10 years, and it could be appropriated separately. The loan is not a revolving loan. The grace period starts on the first drawdown date until the expiration of 3 years, during which time the interest is repaid monthly. The principals are repaid in 84 installments from the fourth year with each month as one installment. The loan shall be repaid equally by installments and repay the principal on the 15th day of each month.
Bank of Taiwan (Secured)	174,448	1.720%	The term of the loan is 10 years, and it could be appropriated separately. The loan is not a revolving loan. The grace period starts on the first drawdown date until the expiration of 3 years, during which time the interest is repaid monthly. The principals are repaid in 84 installments from the fourth year with each month as one installment. The loan shall be repaid equally by installments and repay the principal on the 15th day of each month.
Bank of Taiwan (Secured)	174,000	1.871%	Interests are paid monthly from 2 September 2020 through 7 December 2032. Principals are paid in 144 installments.
Bank of Taiwan (Secured)	80,177	1.720%	The term of the loan is 7 years, and it could be appropriated separately. The loan is not a revolving loan. Each month is deemed as one installment starting from the first drawdown date. The principals are paid in 84 installments and interests are repaid monthly. The principal shall be repaid on the 15th day of each month.
Subtotal	<u>643,058</u>		
Less: current portion	<u>(125,394)</u>		
Total	<u>\$517,664</u>		

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Creditor	31 December		Repayment period and methods
	2024	Rate (%)	
Bank of Taiwan (Secured)	\$214,433	1.720%	The term of the loan is 10 years, and it could be appropriated separately. The loan is not a revolving loan. The grace period starts on the first drawdown date until the expiration of 3 years, during which time the interest is repaid monthly. The principals are repaid in 84 installments from the fourth year with each month as one installment. The loan shall be repaid equally by installments and repay the principal on the 15th day of each month.
Bank of Taiwan (Secured)	209,338	1.720%	The term of the loan is 10 years, and it could be appropriated separately. The loan is not a revolving loan. The grace period starts on the first drawdown date until the expiration of 3 years, during which time the interest is repaid monthly. The principals are repaid in 84 installments from the fourth year with each month as one installment. The loan shall be repaid equally by installments and repay the principal on the 15th day of each month.
Bank of Taiwan (Secured)	192,000	1.871%	Interests are paid monthly from 2 September 2020 through 7 December 2032. Principals are paid in 144 installments.
Bank of Taiwan (Secured)	107,931	1.720%	The term of the loan is 7 years, and it could be appropriated separately. The loan is not a revolving loan. Each month is deemed as one installment starting from the first drawdown date. The principals are paid in 84 installments and interests are repaid monthly. The principal shall be repaid on the 15th day of each month.
Subtotal	723,702		
Less: current portion	(107,525)		
Total	\$616,177		

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Creditor	30 September		Repayment period and methods
	2024	Rate (%)	
Bank of Taiwan (Secured)	\$220,968	1.720%	The term of the loan is 10 years, and it could be appropriated separately. The loan is not a revolving loan. The grace period starts on the first drawdown date until the expiration of 3 years, during which time the interest is repaid monthly. The principals are repaid in 84 installments from the fourth year with each month as one installment. The loan shall be repaid equally by installments and repay the principal on the 15th day of each month.
Bank of Taiwan (Secured)	214,433	1.720%	The term of the loan is 10 years, and it could be appropriated separately. The loan is not a revolving loan. The grace period starts on the first drawdown date until the expiration of 3 years, during which time the interest is repaid monthly. The principals are repaid in 84 installments from the fourth year with each month as one installment. The loan shall be repaid equally by installments and repay the principal on the 15th day of each month.
Bank of Taiwan (Secured)	198,000	1.871%	Interests are paid monthly from 2 September 2020 through 7 December 2032. Principals are paid in 144 installments.
Bank of Taiwan (Secured)	117,183	1.720%	The term of the loan is 7 years, and it could be appropriated separately. The loan is not a revolving loan. Each month is deemed as one installment starting from the first drawdown date. The principals are paid in 84 installments and interests are repaid monthly. The principal shall be repaid on the 15th day of each month.
Subtotal	750,584		
Less: current portion	(107,525)		
Total	\$643,059		

B. Certain land and buildings are pledged as first priority security for secured bank loans with Bank of Taiwan, please refer to Note 8 for more details.

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Notes to Consolidated Financial Statements (Continued)
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(9) Post-employment benefits

Defined contribution plan

Pension expenses under the defined contribution plan were \$7,122, \$7,009, \$21,507 and \$20,134 for the three-month and nine-month periods ended 30 September 2025 and 2024, respectively.

Defined benefits plan

Pension expenses under the defined benefits plan were \$(103), \$3, \$(322) and \$9 for the three-month and nine-month periods ended 30 September 2025 and 2024, respectively.

The Group recognized pension cost for high-ranking officers amounting to \$450 for the three-month periods ended 30 September 2025 and 2024, and \$1,350 for the nine-month periods ended 30 September 2025 and 2024.

(10) Equities

A. Common stock

The Group's authorized and issued capital amounted to \$850,000 and \$665,356 as of 30 September 2025, 31 December 2024 and 30 September 2024, respectively, with a par value of \$10 (in dollar) per share, which were divided into 85,000,000 shares and 66,535,631 shares.

B. Capital surplus

	As of		
	30 September 2025	31 December 2024	30 September 2024
Premium from common stock issuance	\$1,779,549	\$1,779,549	\$1,779,549
Employee stock option	92,101	92,101	92,101
Increase through changes in ownership interests in subsidiaries	9,364	9,364	9,364
Other	9,247	9,247	9,247
Total	<u>\$1,890,261</u>	<u>\$1,890,261</u>	<u>\$1,890,261</u>

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According to the Company Act, the capital reserve shall not be used except when offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

Pursuant to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order: payment of all taxes and dues; offset prior years' operation losses; set aside 10% of the remaining amount; set aside or reverse special reserve in accordance with relevant rules and regulations. However, when accumulated legal reserve reach to the capital stock, it is not required to set aside or reverse special reserve in accordance with relevant rules and regulations. The distribution of the remaining portion, if any, will be proposed by the board of directors to the shareholders' meeting for approval.

The Company operates in a traditional industry and is currently at its mature stage of business life cycle, with a relatively well established financial structure and fairly consistent earnings year-over-year. In addition to complying with the Company Act and the Company's Articles of Association, the dividend distribution will be determined based on the Company's capital planning and operating results. However, the principle of dividend stability and balance is adopted in principle. Before the annual shareholders' meeting, the board of directors formulates the method of surplus distribution based on the financial situation, and at least 50% of the surplus is distributed as shareholders' dividends. The cash dividend ratio is not less than 30% of the total dividend. However, the Company shall not distribute dividends if there is no surplus earning.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to existing regulations, when the Company distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

On 31 March 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

The Company did not have any special reserve due from first-time adoption of the IFRS.

Details of the 2024 and 2023 earnings distribution and dividends per share as resolve by the shareholders’ meeting on 13 June 2025 and 21 June 2024, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2024	2023	2024	2023
(Reversal) provision for special reserve	\$(65,833)	\$63,583		
Cash dividends-common stock	399,214	252,836	\$6.0	\$3.8

The Company estimated the amounts of the employees’ compensation and remuneration to directors, please refer to Note 6(15) for more details.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Non-controlling interests

	For the nine-month periods ended 30 September	
	2025	2024
Balance as of 1 January	\$3,513,006	\$3,263,589
Profits attributable to non-controlling interests	197,976	368,040
Other comprehensive income attributable to non-controlling interests	(132,204)	79,516
Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries	(27,087)	(56,162)
Cash dividends	(317,043)	(248,848)
Changes in non-controlling interests	-	16
Balance as of 30 September	<u>\$3,234,648</u>	<u>\$3,406,151</u>

(12) Operating Revenue

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Revenue from contracts with customers				
Sale of goods	\$2,248,326	\$2,442,934	\$6,472,633	\$6,309,815
Commissions	183	29	198	266
Net sales	<u>\$2,248,509</u>	<u>\$2,442,963</u>	<u>\$6,472,831</u>	<u>\$6,310,081</u>

Analysis of revenue from contracts with customers during the nine-month periods ended 30 September 2025 and 2024 is as follows:

A. Disaggregation of revenue

For the three-month period ended 30 September 2025

	Sewing machine division	Precision metal parts processing division	Total
Sale of goods	\$1,454,648	\$793,678	\$2,248,326
Commissions	183	-	183
Total	<u>\$1,454,831</u>	<u>\$793,678</u>	<u>\$2,248,509</u>

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the three-month period ended 30 September 2024

	Sewing machine division	Precision metal parts processing division	Total
Sale of goods	\$1,478,937	\$963,997	\$2,442,934
Commissions	29	-	29
Total	<u>\$1,478,966</u>	<u>\$963,997</u>	<u>\$2,442,963</u>

For the nine-month period ended 30 September 2025

	Sewing machine division	Precision metal parts processing division	Total
Sale of goods	\$3,963,613	\$2,509,020	\$6,472,633
Commissions	198	-	198
Total	<u>\$3,963,811</u>	<u>\$2,509,020</u>	<u>\$6,472,831</u>

For the nine-month period ended 30 September 2024

	Sewing machine division	Precision metal parts processing division	Total
Sale of goods	\$3,540,657	\$2,769,158	\$6,309,815
Commissions	266	-	266
Total	<u>\$3,540,923</u>	<u>\$2,769,158</u>	<u>\$6,310,081</u>

The Group recognizes revenues when control of the products is transferred to the customers, therefore the performance obligation is satisfied at a point in time.

B. Contract balances

Contract liabilities – current

	As of			
	30 September 2025	31 December 2024	30 September 2024	1 January 2024
Sales of goods	<u>\$45,154</u>	<u>\$74,357</u>	<u>\$115,827</u>	<u>\$69,573</u>

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During the nine-month period ended 30 September 2025, contract liabilities decreased as performance obligations were satisfied. During the nine-month period ended 30 September 2024, contract liabilities increased as performance obligations were not satisfied.

The significant changes in the Group's balances of contract assets during the nine-month periods ended 30 September 2025 and 2024 are as follows:

	For the nine-month periods ended 30 September	
	2025	2024
The opening balance transferred to revenue	\$(64,370)	\$(63,779)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	35,167	110,033

C. Transaction price allocated to unsatisfied performance obligations

None.

D. Assets recognized from costs to fulfil a contract

None.

(13) Expected credit losses

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Operating expenses – Expected credit losses				
Trade receivables	\$1,433	\$1,096	\$375	\$1,994

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of 30 September 2025, 31 December 2024 and 30 September 2024 is as follows:

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30 September 2025

Sewing machine division

	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-360 days	>=361 days	
Gross carrying amount	\$1,103,881	\$46,327	\$16,191	\$4,039	\$311	\$38,606	\$1,209,355
Loss ratio	-%	-%	0-10%	10-20%	20-50%	100%	
Lifetime expected credit losses	-	-	(1,310)	(810)	(155)	(38,606)	(40,881)
Carrying amount	\$1,103,881	\$46,327	\$14,881	\$3,229	\$156	\$-	\$1,168,474

Precision metal parts processing division

	Not yet due	Overdue					Total
		<=90 days	91-180 days	181-360 days	361-720 days	>=721 days	
Gross carrying amount	\$762,640	\$74,871	\$3,742	\$168	\$1,081	\$-	\$842,502
Loss ratio	0-1%	4-5%	22-23%	46-47%	50-51%	-%	
Lifetime expected credit losses	(7,934)	(3,122)	(842)	(78)	(543)	-	(12,519)
Carrying amount	\$754,706	\$71,749	\$2,900	\$90	\$538	\$-	\$829,983

31 December 2024

Sewing machine division

	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-360 days	>=361 days	
Gross carrying amount	\$657,903	\$247,427	\$618	\$21	\$825	\$41,507	\$948,301
Loss ratio	-%	-%	0-10%	10-20%	20-50%	100%	
Lifetime expected credit losses	-	-	(58)	-	(686)	(41,507)	(42,251)
Carrying amount	\$657,903	\$247,427	\$560	\$21	\$139	\$-	\$906,050

Precision metal parts processing division

	Not yet due	Overdue					Total
		<=90 days	91-180 days	181-360 days	361-720 days	>=721 days	
Gross carrying amount	\$777,406	\$93,475	\$201	\$1,420	\$5	\$-	\$872,507
Loss ratio	0-1%	4-5%	17-18%	49-50%	60%	-	
Lifetime expected credit losses	(6,591)	(3,909)	(35)	(701)	(3)	-	(11,239)
Carrying amount	\$770,815	\$89,566	\$166	\$719	\$2	\$-	\$861,268

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30 September 2024

Sewing machine division

	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-360 days	>=361 days	
Gross carrying amount	\$1,021,469	\$188,767	\$4,257	\$1,366	\$78	\$4,841	\$1,220,778
Loss ratio	-%	-%	0-10%	10-20%	20-50%	100%	
Lifetime expected credit losses	-	-	(194)	(273)	(39)	(4,841)	(5,347)
Carrying amount	\$1,021,469	\$188,767	\$4,063	\$1,093	\$39	\$-	\$1,215,431

Precision metal parts processing division

	Not yet due	Overdue					Total
		<=90 days	91-180 days	181-360 days	361-720 days	>=721 days	
Gross carrying amount	\$840,245	\$49,985	\$800	\$1,365	\$5	\$-	\$892,400
Loss ratio	0-1%	4-5%	30%	29-30%	60%	-%	
Lifetime expected credit losses	(8,172)	(2,270)	(240)	(409)	(3)	-	(11,094)
Carrying amount	\$832,073	\$47,715	\$560	\$956	\$2	\$-	\$881,306

The movement in the provision for impairment of note receivables and trade receivables during the nine-month periods ended 30 September 2025 and 2024 is as follows:

	Note receivables	Trade receivables
Beginning balance at 1 January 2025	\$-	\$53,490
Addition for the current period	-	375
Effect of exchange rate changes	-	(465)
Ending balance at 30 September 2025	\$-	\$53,400
Beginning balance at 1 January 2024	\$-	\$14,249
Provision for the current period	-	1,994
Effect of exchange rate changes	-	198
Ending balance at 30 September 2024	\$-	\$16,441

(14) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment and other equipment. The lease terms range from 1 to 50 years. There are no restrictions placed upon the Group by entering into these leases.

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Notes to Consolidated Financial Statements (Continued)

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The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(A) Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As of		
	30 September 2025	31 December 2024	30 September 2024
Land	\$154,952	\$160,790	\$162,971
Land improvement	67	-	124
Buildings	197,657	189,695	200,513
Transportation equipment	3,709	5,426	6,626
Other equipment	110	265	318
Total	<u>\$356,495</u>	<u>\$356,176</u>	<u>\$370,552</u>

During the nine-month periods ended 30 September 2025 and 2024, the Group's additions to right-of-use assets amounting to \$77,584 and \$152,771, respectively.

b. Lease liabilities

	As of		
	30 September 2025	31 December 2024	30 September 2024
Lease liabilities			
Current	\$56,141	\$41,951	\$42,697
Non-current	124,286	105,238	113,102
Total	<u>\$180,427</u>	<u>\$147,189</u>	<u>\$155,799</u>

Please refer to Note 6(16)(c) for the interest on lease liabilities recognized during the nine-month periods ended 30 September 2025 and 2024 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Land	\$1,603	\$1,908	\$5,323	\$5,700
Land improvement	44	14	126	57
Buildings	13,612	13,628	40,147	41,894
Transportation equipment	1,052	1,486	3,386	4,638
Other equipment	51	51	153	152
Total	<u>\$16,362</u>	<u>\$17,087</u>	<u>\$49,135</u>	<u>\$52,441</u>

(C) Income and costs relating to leasing activities

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
The expenses relating to short-term leases	<u>\$1,660</u>	<u>\$1,255</u>	<u>\$5,258</u>	<u>\$3,948</u>

(D) Cash outflow relating to leasing activities

During the nine-month periods ended 30 September 2025 and 2024, the Group's total cash outflows for leases amounting to \$46,518 and \$62,076, respectively.

(15) Summary statement of employee benefits, depreciation and amortization expenses:

Nature \ Function	For the three-month periods ended 30 September					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$202,834	\$169,801	\$372,635	\$224,016	\$176,346	\$400,362
Labor and health insurance	26,021	15,841	41,862	25,814	15,324	41,138
Pension	1,968	5,501	7,469	1,942	5,520	7,462
Others	14,676	9,266	23,942	14,476	9,733	24,209
Depreciation	93,538	38,686	132,224	98,653	37,598	136,251
Amortization	3,940	23,368	27,308	2,732	23,874	26,606

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Function Nature	For the nine-month periods ended 30 September					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$615,865	\$498,431	\$1,114,296	\$635,329	\$497,539	\$1,132,868
Labor and health insurance	78,741	49,346	128,087	75,789	44,735	120,524
Pension	5,587	16,948	22,535	5,355	16,138	21,493
Others	42,674	27,585	70,259	40,202	26,405	66,607
Depreciation	289,118	115,901	405,019	305,008	111,632	416,640
Amortization	10,516	66,218	76,734	6,771	65,480	72,251

According to the Articles of Incorporation, 2% to 6% of profit of the current year is distributable as employees' compensation, with at least 0.5% of the profit allocated as compensation to non-managerial employees, and no more than 4% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company recognized the employees' compensation and remuneration to directors as employee benefits expense based on profit of current year. If the board of directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day prior to the date of resolution. The difference between the estimates and the figures resolved at shareholders' meeting will be recognized in profit or loss of the subsequent year. The details of employees' compensation and remuneration to directors for the three-month and nine-month periods ended 2025 and 2024 are as follows:

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Employees' compensation	\$5,000	\$3,750	\$15,000	\$11,250
Remuneration to directors	1,225	1,625	6,475	5,125

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Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A resolution was passed at a board of directors meeting held on 7 March 2025 to distribute \$20,000 and \$8,250 in cash as the employees' compensation and remuneration to directors of 2024, respectively. No material differences existed between the estimated amount and the amount determined at the board meeting for the employees' compensation and remuneration to directors for the year ended 31 December 2024.

No material differences existed between the estimated employees' compensation and remuneration to directors booked as expense for the year ended 31 December 2023 and the actual amounts distributed for the year ended 31 December 2024.

(16) Non-operating income and expenses

a. Other income

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Interest income	\$14,304	\$11,437	\$46,906	\$48,248
Rental revenue	123	138	276	302
Others	11,498	29,807	38,599	67,468
Total	<u>\$25,925</u>	<u>\$41,382</u>	<u>\$85,781</u>	<u>\$116,018</u>

b. Other gains and losses

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Foreign exchange gains, net	\$39,784	\$(32,591)	\$(21,040)	\$72,261
Net gains on disposal of property, plant and equipment	6,832	145	13,554	2,046
Others	(12,495)	(712)	(12,891)	(1,581)
Total	<u>\$34,121</u>	<u>\$(33,158)</u>	<u>\$(20,377)</u>	<u>\$72,726</u>

c. Finance costs

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Interest on loans from bank	\$8,180	\$3,579	\$22,062	\$9,123
Interest on lease liabilities	1,768	1,675	4,395	4,883
Total	<u>\$9,948</u>	<u>\$5,254</u>	<u>\$26,457</u>	<u>\$14,006</u>

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Components of other comprehensive income

a. For the three-month period ended 30 September 2025

	Arising during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	\$100,228	\$100,228	\$(20,032)	\$80,196

b. For the three-month period ended 30 September 2024

	Arising during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	\$33,031	\$33,031	\$(29,075)	\$3,956

c. For the nine-month period ended 30 September 2025

	Arising during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	\$(480,057)	\$(480,057)	\$76,274	\$(403,783)

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

d. For the nine-month period ended 30 September 2024

	Arising during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	\$183,095	\$183,095	\$(40,115)	\$142,980

(18) Income tax

The major components of income tax expense are as follows:

a. Income tax recorded in profit or loss

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Current income tax expense:				
Current income tax charge	\$48,198	\$56,718	\$149,406	\$169,283
Income tax accounted for in prior financial periods adjusted in current financial period	(933)	(285)	(43,738)	(5,897)
Deferred income tax expense:				
Deferred income tax expense relating to origination and reversal of temporary differences	35,266	5,837	75,389	18,860
Income tax expense recognized in profit or loss	\$82,531	\$62,270	\$181,057	\$182,246

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Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Income tax relating to components of other comprehensive income

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Deferred tax (income) expense:				
Exchange differences on translation of foreign operations	\$20,032	\$29,075	\$(76,274)	\$40,115

c. The assessment of income tax returns

As of 30 September 2025, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2022
Mitsumichi Industrial Co., Ltd.	Assessed and approved up to 2023
Taiwan Cheer Champ Co., Ltd	Assessed and approved up to 2023
Turvo International Co., Ltd.	Assessed and approved up to 2023

As of 30 September 2025, the foreign subsidiaries of the Company have been subject to foreign taxation jurisdiction and have been declared in 2024.

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

a. Basic earnings per share

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	\$149,541	\$135,900	\$283,964	\$367,450
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	66,536	66,536	66,536	66,536
Basic earnings per share (NTD)	\$2.25	\$2.04	\$4.27	\$5.52

b. Diluted earnings per share

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	\$149,541	\$135,900	\$283,964	\$367,450
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	66,536	66,536	66,536	66,536
Effect of dilution:				
Employees' compensation – stock (in thousands)	166	23	208	126
Weighted average number of ordinary shares outstanding after dilution (in thousands)	66,702	66,559	66,744	66,662
Diluted earnings per share (NTD)	\$2.24	\$2.04	\$4.25	\$5.51

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(20) Changes in ownership interests of subsidiaries of the Company

Acquisition of issued shares of subsidiaries

During the nine-month periods ended 30 September 2025 and 2024, the Group acquired an additional 0.57% and 1.22% of the voting shares of Turvo International Co., Ltd., increasing its ownership to 26.06% and 25.18%, respectively. The cash paid to non-controlling shareholders amounted to \$50,097 and \$99,843, respectively. The additional acquired interests of Turvo International Co., Ltd., including the reduction of non-controlling interests and other cumulative comprehensive profit and loss adjustments, are as follows:

	For the nine-month periods ended 30 September	
	2025	2024
Cash paid by the Group to non-controlling shareholders	\$50,097	\$99,843
Decreases in noncontrolling interests	(27,087)	(56,162)
Exchange differences on translation of foreign operations	563	401
Difference of retained surplus recognized in equity	\$23,573	\$44,082

(21) Subsidiaries that have material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests are provided below:

Subsidiary	Country of Incorporation and operation	Percentage of non-controlling interests		
		30 September 2025	31 December 2024	30 September 2024
Turvo International Co., Ltd.	Taiwan	73.94%	74.51%	74.82%

The consolidated financial information of the above subsidiary has been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the FSC and has reflected the fair value adjustments made by the Group as of the acquisition date and adjustments for accounting policy differences.

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Notes to Consolidated Financial Statements (Continued)

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The information of Turvo International Co., Ltd. is summarized as follows:

	As of		
	30 September 2025	31 December 2024	30 September 2024
Current assets	\$3,211,194	\$3,032,629	\$2,860,955
Non-current assets	3,164,589	3,054,535	3,070,719
Current liabilities	(2,062,541)	(1,436,376)	(1,423,521)
Non-current liabilities	(559,109)	(595,707)	(623,718)
Equity	\$3,754,133	\$4,055,081	\$3,884,435
The carrying amount of non-controlling interests	\$3,185,541	\$3,458,900	\$3,353,958

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2025	2024	2025	2024
Operating revenue	\$793,678	\$963,997	\$2,509,020	\$2,769,158
Profit from continuing operations	\$102,459	\$186,441	\$299,878	\$516,553
Other comprehensive income	65,277	(21,790)	(178,809)	103,831
Current comprehensive income	167,736	\$164,651	\$121,069	\$620,384
Profits attributable to non-controlling interests	\$67,616	\$131,265	\$197,965	\$365,340
Comprehensive income attributable non-controlling interests	\$115,925	\$115,254	\$65,760	\$444,857

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2025	2024	2025	2024
Cash flows from Operating activities	\$111,566	\$717,938	\$380,614	\$568,885
Cash flows from Investing activities	(27,047)	(1,232,079)	(69,992)	(1,319,183)
Cash flows from Financing activities	97,820	48,866	210,208	27,168
Effect of exchange rate changes	28,925	(11,570)	(95,346)	26,282
Net increase (decrease) in cash and cash equivalents	\$211,264	\$(476,845)	\$425,484	\$(696,848)

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Notes to Consolidated Financial Statements (Continued)
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7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
CHIH-CHENG LIN and other 41 people	Directors and Deputy General Manager of the Company and Turvo International Co., Ltd.

(2) Key management personnel compensation

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2025	2024	2025	2024
Short-term employee benefits	\$22,430	\$25,160	\$76,660	\$70,194
Post-employment benefits	404	456	1,354	1,398
Total	<u>\$22,834</u>	<u>\$25,616</u>	<u>\$78,014</u>	<u>\$71,592</u>

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Group pledged as security:

	As of			Secured liabilities
	30 September 2025	31 December 2024	30 September 2024	
Property, Plant and Equipment- building	\$1,125,288	\$1,146,662	\$556,934	Bank loan
Property, Plant and Equipment- machinery and equipment	156,526	175,822	182,516	Bank loan
Property, Plant and Equipment- land	38,343	38,343	38,343	Bank loan
Property, Plant and Equipment- miscellaneous equipment	6,343	7,383	7,730	Bank loan
Financial assets measured at amortized cost, current	11,539	10,405	10,402	Product agency and launch Customs import customs clearance deposit
Financial assets measured at amortized cost, non-current	200	200	200	
Total	<u>\$1,338,239</u>	<u>\$1,378,815</u>	<u>\$796,125</u>	

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Notes to Consolidated Financial Statements (Continued)
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9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1)The Company issued guaranty notes as security for borrowings in the sum of \$2,779,703, \$2,779,703 and \$2,803,083 as at 30 September 2025, 31 December 2024 and 30 September 2024.

(2)The important contract of construction in progress

a.As of 30 September 2025:

Turvo International Co., Ltd resolved on 5 March 2025 through a board meeting to adjust the acquisition of land use rights for its important subsidiary, Zhejiang Yu-Zuan Precision Component Co., Ltd. The area of land to be purchased will increase from approximately 60 acres to approximately 70 acres, with the total acquisition price expected to be adjusted to around RMB 27.3 million.

b.As of 31 December 2024: None.

c.As of 30 September 2024

Contracting parties	Subject matter	Total contract amount (Not taxed)	Contract amount paid as of 30 September 2024 (Not taxed)
Company A	Building	\$76,190	\$68,571

Above of constructions are paid based on the progress of the project.

(3)The Group entered into the financial guarantees to related parties: refer to Note 13 (1) (B).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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12. OTHERS

(1) Categories of financial instruments

	As of		
	30 September 2025	31 December 2024	30 September 2024
<u>Financial Assets</u>			
Financial assets measured at amortized cost			
Cash and cash equivalents (excluding cash on hand)	\$2,404,902	\$2,276,689	\$1,847,451
Notes and accounts receivable	1,998,457	1,767,318	2,096,737
Other receivables	67,444	82,464	107,404
Financial assets measured at amortized cost, current	348,050	551,236	568,994
Financial assets measured at amortized cost, non-current	707,637	588,479	582,867
<u>Financial Liabilities</u>			
Financial liabilities at amortized cost:			
Short-term loans	\$1,749,080	\$906,000	\$950,000
Long-term loans (Long-term loans due within one year)	643,058	723,702	750,584
Notes and accounts payables	889,348	894,421	942,746
Other payables	472,350	638,861	497,421
Lease liability	180,427	147,189	155,799

(2) Financial risk management objectives and policies

The Group's risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

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(3) Market risk

The market risk of the Group is the risk that the financial instruments will be subject to fluctuations in fair value or cash flows due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD, RMB and VND. The information of the sensitivity analysis is as follows:

- a. When NTD strengthens/weakens against USD by 1%, the profit for the nine-month periods ended 30 September 2025 and 2024 is decreased/increased by \$22,211 and \$22,765, respectively; and no impact on the equity.
- b. When NTD strengthens/weakens against RMB by 1%, the profit for the nine-month periods ended 30 September 2025 and 2024 is decreased/increased by \$5,358 and \$694, respectively; and no impact on the equity.
- c. When NTD strengthens/weakens against VND by 1%, the profit for the nine-month periods ended 30 September 2025 and 2024 is decreased/increased by \$1,637 and \$179, respectively; and no impact on the equity.

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to Group's bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period will result in a decrease/increase of \$1,794 and \$1,275 for the nine-month periods ended 30 September 2025 and 2024, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment.

As of 30 September 2025, 31 December 2024 and 30 September 2024, trade receivables from top ten customers represented 67.10%, 64.58% and 70.83% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

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(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	<u>< 1 year</u>	<u>2 ~ 3 years</u>	<u>4 ~ 5 years</u>	<u>> 5 years</u>	<u>Total</u>
As of 30 September 2025					
Short-term loans	\$1,757,005	\$-	\$-	\$-	\$1,757,005
Notes and accounts payables	889,348	-	-	-	889,348
Long-term loans (including current portion)	133,108	256,572	150,341	130,574	670,595
Lease liabilities	62,025	106,350	18,255	5,749	192,379
As of 31 December 2024					
Short-term loans	\$909,775	\$-	\$-	\$-	\$909,775
Notes and accounts payables	894,421	-	-	-	894,421
Long-term loans (including current portion)	116,097	281,381	186,885	173,408	757,771
Lease liabilities	55,939	75,684	35,277	750	167,650
As of 30 September 2024					
Short-term loans	\$954,407	\$-	\$-	\$-	\$954,407
Notes and accounts payables	942,746	-	-	-	942,746
Long-term loans (including current portion)	116,360	277,520	205,278	187,797	786,955
Lease liabilities	61,348	76,667	43,062	798	181,875

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended 30 September 2025:

	Short-term loans	Long-term loans (including current portion)	Lease liability	Total liabilities from financing activities
As of 1 January 2025	\$906,000	\$723,702	\$147,189	\$1,776,891
Cash flow	843,080	(80,644)	(36,865)	725,571
Non-cash changes	-	-	77,584	77,584
Foreign exchange movement	-	-	(7,481)	(7,481)
As of 30 September 2025	<u>\$1,749,080</u>	<u>\$643,058</u>	<u>\$180,427</u>	<u>\$2,572,565</u>

Reconciliation of liabilities for the nine-month period ended 30 September 2024:

	Short-term loans	Long-term loans (including current portion)	Lease liability	Total liabilities from financing activities
As of 1 January 2024	\$393,000	\$856,227	\$55,410	\$1,304,637
Cash flow	557,000	(105,643)	(53,245)	398,112
Non-cash change	-	-	152,679	152,679
Foreign exchange movement	-	-	955	955
As of 30 September 2024	<u>\$950,000</u>	<u>\$750,584</u>	<u>\$155,799</u>	<u>\$1,856,383</u>

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (A) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- (C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (D) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (E) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis.

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Notes to Consolidated Financial Statements (Continued)
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(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: Thousands									
As of									
30 September 2025			31 December 2024			30 September 2024			
Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD	
<u>Financial assets</u>									
<u>Monetary item:</u>									
USD	\$78,443	30.469	\$2,390,080	\$71,721	32.7810	\$2,351,086	\$75,921	31.651	\$2,402,976
CNY	152,369	4.2802	652,170	41,431	4.4913	186,079	39,801	4.5115	179,562
VND	326,375,780	0.001153	376,311	206,584,783	0.001286	265,668	182,509,366	0.001288	235,072
<u>Financial liabilities</u>									
<u>Monetary item:</u>									
USD	\$5,547	30.469	\$169,012	\$4,955	32.7810	\$162,430	\$3,995	31.651	\$126,446
CNY	27,195	4.2802	116,400	22,091	4.4913	99,217	24,418	4.5115	110,162
VND	183,567,501	0.001153	211,653	235,657,249	0.001286	303,055	168,618,222	0.001288	217,180

Due to the large number of functional currencies used in the Group, it's impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Group recognized \$(21,040) and \$72,261 for foreign exchange (loss) gain for the nine-month periods ended 30 September 2025 and 2024, respectively.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Loans to others:

(In Yuan of Foreign Currency)

No. (Note 1)	Lender	Borrower	Related Parties	Financial Statement Account	Maximum Balance for the Period	Ending Balance (By resolution of the Board of Directors) (Note 2)	Amount Actually Drawn	Interest Rate (%)	Nature of loan	Transaction amount	Reasons for short-term financing	Allowance for doubtful account	Collateral		Financing limits for a single borrowing company	Limits on total loans granted
													Item	Value		
1	Turvo International Co., Ltd.	TIPO International Co., Ltd	Yes	Other receivable-related parties	\$121,860	\$60,930	\$-	NA	Short-term loan	Not applicable	Operating purposes	\$-	-	\$-	\$374,898 (Note 3)	\$1,499,593 (Note 3)
1	Turvo International Co., Ltd.	T&M Joint (Cayman) Holding Co., Ltd.	Yes	Other receivable-related parties	\$2,742	\$2,742	\$2,590	NA	Short-term loan	Not applicable	Operating purposes	\$-	-	\$-	\$374,898 (Note 3)	\$1,499,593 (Note 3)
1	Turvo International Co., Ltd.	Matec Southeast Asia (Thailand) Co., Ltd.	Yes	Other receivable-related parties	\$70,650	\$28,260	\$27,318	3.0%-3.5%	Short-term loan	Not applicable	Operating purposes	\$-	-	\$-	\$374,898 (Note 3)	\$1,499,593 (Note 3)
2	Dong-Guan Xin-Feng Hardware Machinery Plastics Industry Co., Ltd.	Turvo International Co., Ltd.	Yes	Other receivable-related parties	\$300,125	\$-	\$-	NA	Short-term loan	Not applicable	Operating purposes	\$-	-	\$-	\$3,748,984 (Note 4)	\$3,748,984 (Note 4)
3	Zhejiang Yu-Zuan Precision Component Co., Ltd.	Turvo International Co., Ltd.	Yes	Other receivable-related parties	\$300,125	\$-	\$-	NA	Short-term loan	Not applicable	Operating purposes	\$-	-	\$-	\$3,748,984 (Note 4)	\$3,748,984 (Note 4)

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The inter-segment transactions have been eliminated on consolidation.

Note 3: The amount of financing that Turvo International Co., Ltd. provides to its directly or indirectly wholly-owned subsidiaries individually shall not exceed 10% of Turvo International Co., Ltd.'s net worth; and the total amount of financing shall not exceed 40% of Turvo International Co., Ltd.'s net worth.

Note 4: Turvo International Co., Ltd. direct or indirect holds 100% voting shares of a foreign company and engages in financing with Dong-Guan Xin-Feng Hardware Machinery Plastics Industry Co., Ltd. and Zhejiang Yu-Zuan Precision Component Co., Ltd., or where the foreign company in which Turvo International Co., Ltd. direct or indirect holds 100% voting shares engages in financing with Dong-Guan Xin-Feng Hardware Machinery Plastics Industry Co., Ltd. and Zhejiang Yu-Zuan Precision Component Co., Ltd., the financing amount is not exceed 40% of the net equity of the lender but is exceed 100% of the net equity of the borrower.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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B. Endorsement/guarantee provided:

(In Yuan of Foreign Currency)

No. (Note 1)	Endorser/ Guarantor	Endorsee		Limit of guarantee/ endorsement amount to a single entity (Note 3)	Maximum guarantee balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement backed by property	Ratio of Accumulated Amount of Guarantee to Net Equity of the most recent Financial Statements	Maximum guarantee limit (Note 4)	Parent company to subsidiary	Subsidiary to parent company	To Mainland China
		Company name	Relationship (Note 2)										
0	Zeng Hsing Industrial Co., Ltd.	Zeng Hsing Industrial Co., Ltd. (VN)	(2)	\$1,546,579	\$807,429 (USD26,500,000)	\$533,208 (USD17,500,000)	\$-	\$-	10.34%	\$2,062,106	Yes	No	No

Note 1: The Company and its subsidiaries are coded as follows:

- (1) The Company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationship between the endorser and endorsee is listed as follows:

- (1) A company that has a business relationship with the provider.
- (2) A subsidiary in which the provider holds directly over 50% of equity interest.
- (3) An investee in which the provider and its subsidiaries hold over 50% of equity interest.
- (4) An investee in which the provider holds directly and indirectly over 90% of equity interest.
- (5) A company that has provided guarantees to the provider, and vice versa, due to contractual requirements.
- (6) An investee in which the provider conjunctly invests with other shareholders, and for which the provider has provided endorsement/guarantee in proportion to its shareholding percentage.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The amount of endorsements/guarantees to a single corporation shall not exceed 20%, and the amount of guarantees/endorsements to a single overseas affiliate shall not exceed 30% of Zeng Hsing Industrial Co., Ltd's net worth.

Note 4: The total guarantee/endorsement amount shall not exceed 40% of Zeng Hsing Industrial Co., Ltd's net worth of the current period.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Significant marketable securities held (excluding investment subsidiaries, associates, and controlling interest in joint ventures): none.

D. Related party transactions for purchases and sales amounts exceeding the lower of \$100 million or 20% of capital stock:

Company Name	Counterparty	Nature of Relationship (Note 1)	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	% to Total	Term	Unit price	Term	Balance	% to Total	
Zeng Hsing Industrial Co., Ltd. (VN)	Zeng Hsing Industrial Co., Ltd.	2	Sales	\$2,754,921	42.56%	There is no difference with other clients	Regular	Regular	Account receivable \$947,077	47.39%	
Zeng Hsing Industrial Co., Ltd.	Zeng Hsing Industrial Co., Ltd. (VN)	1	Purchases	\$2,754,921	42.56%	There is no difference with other clients	Regular	Regular	Account payable \$(947,077)	(47.39%)	
Turvo International Co., Ltd.	Dong-Guan Xin-Feng Hardware Machinery Plastics Industry Co., Ltd.	3	Purchases	\$480,330	7.42%	There is no difference with other clients	Regular	Regular	Other payables \$(157,575)	(7.88%)	
Dong-Guan Xin-Feng Hardware Machinery Plastics Industry Co., Ltd.	Turvo International Co., Ltd.	3	Sales	\$480,330	7.42%	There is no difference with other clients	Regular	Regular	Other receivable \$157,575	7.88%	
Zeng Hsing Industrial Co., Ltd.	Zeng Hsing Industrial Co., Ltd. (VN)	1	Sales	\$288,492	4.46%	There is no difference with other clients	Regular	Regular	Account receivable \$85,771	4.29%	
Zeng Hsing Industrial Co., Ltd. (VN)	Zeng Hsing Industrial Co., Ltd.	2	Purchases	\$288,492	4.46%	There is no difference with other clients	Regular	Regular	Account payable \$(85,771)	(4.29%)	

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company Name	Counterparty	Nature of Relationship (Note 1)	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	% to Total	Term	Unit price	Term	Balance	% to Total	
Turvo International Co., Ltd.	Zhejiang Yu-Zuan Precision Component Co., Ltd.	3	Purchases	\$230,649	3.56%	There is no difference with other clients	Regular	Regular	Account payables \$(84,671)	(4.24%)	
Zhejiang Yu-Zuan Precision Component Co., Ltd.	Turvo International Co., Ltd.	3	Sales	\$230,649	3.56%	There is no difference with other clients	Regular	Regular	Account receivables \$84,671	4.24%	
Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang]	Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.	3	Sales	\$185,043	2.89%	There is no difference with other clients	Regular	Regular	Account receivable \$35,526	1.78%	
Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.	Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang]	3	Purchases	\$185,043	2.89%	There is no difference with other clients	Regular	Regular	Account payable \$(35,526)	(1.78%)	
Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd.	Zeng Hsing Industrial Co., Ltd.	2	Sales	\$112,190	1.73%	There is no difference with other clients	Regular	Regular	Account receivable \$38,459	1.92%	
Zeng Hsing Industrial Co., Ltd.	Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd.	1	Purchases	\$112,190	1.73%	There is no difference with other clients	Regular	Regular	Account payable \$(38,459)	(1.92%)	

Note 1: "1" represents the transactions from the parent company to a subsidiary.

"2" represents the transactions from a subsidiary to the parent company.

"3" represents the transaction between subsidiaries.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E. Receivable from related parties amounting to at least \$100 million or 20% of the paid-in capital:

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue receivables		Amounts Received in Subsequent Period	Loss allowance	Note
					Amount	Action Taken			
Zeng Hsing Industrial Co., Ltd. (VN)	Zeng Hsing Industrial Co., Ltd.	Subsidiary	\$947,077	4.29	\$-	-	\$284,805	\$-	accounts receivable-customers

F. Inter-company relationships and significant intercompany transactions: refer to Note 13(1) D.

(2) Information on investees

A. Names, locations, and related information of investees on which the Company exercises significant influence:

(In Yuan of Foreign Currency)

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as at 30 September 2025			Net Income (Losses) of the Investee	Equity in Earnings (Losses)	Notes
				30 September 2025	31 December 2024	Shares	Percentage of Ownership	Carrying Value			
Zeng Hsing Industrial Co., Ltd.	Zeng Hsing Industrial Co., Ltd. (BVI)	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Trading and holding company	\$275,354 (USD 7,750,000)	\$347,437 (USD 10,250,000)	10,250	100%	\$386,738	\$6,341	\$5,317	Note 1
Zeng Hsing Industrial Co., Ltd. (BVI)	Arcoris Pte Ltd.	8 Cross Street #24-03/04 Pwc Building Singapore (048424)	Holding company	\$146,167 (USD4,500,000)	\$218,237 (USD 7,000,000)	7,000,000	100%	\$50,138	\$(10,529)	\$(10,529)	
Zeng Hsing Industrial Co., Ltd. (BVI)	Jetsun Technology Co., Ltd (Seychelles)	Global Gateway 8, Rue de la Perle Providence Mahe Seychelles	Holding company	\$33,239 (USD 1,100,000)	\$33,239 (USD 1,100,000)	1,200,000	100%	\$21,270	\$(1,075)	\$(1,075)	
Jetsun Technology Co., Ltd (Seychelles)	Jetsun Technology Company Limited	Bing Doung, Vietnam	Research and design of filtration equipment	\$39,494 (USD 1,204,000)	\$39,494 (USD 1,204,000)	-	100%	\$21,270	VND (893,948,533)	\$(1,075)	

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as at 30 September 2025			Net Income (Losses) of the Investee	Equity in Earnings (Losses)	Notes
				30 September 2025	31 December 2024	Shares	Percentage of Ownership	Carrying Value			
Zeng Hsing Industrial Co., Ltd.	Zeng Hsing Industrial Co., Ltd. (VN)	Bing Doung, Vietnam	Manufacturing household sewing machines	\$1,201,379 (USD 40,000,000)	\$1,201,379 (USD 40,000,000)	-	100%	\$2,192,663	VND 164,092,293,253	\$197,403	
Zeng Hsing Industrial Co., Ltd.	Shinco Technologies Limited (VN)	Bing Doung, Vietnam	Material die-casting of metal of aluminum, zinc and magnesium alloy	\$347,158 (USD 11,173,331)	\$347,158 (USD 11,173,331)	-	100%	\$282,122	VND 18,499,468,144	\$9,556	
Zeng Hsing Industrial Co., Ltd.	Taiwan Carbon Technology Co., Ltd.	Taichung, Taiwan	Manufacturing carbon fiber, fire resistant fiber and related products	\$13,317	\$13,317	1,774,999	19.53%	\$29,400	\$9,487	\$1,922	
Zeng Hsing Industrial Co., Ltd.	Mitsumichi industrial Co. Ltd	Taichung, Taiwan	Manufacturing household sewing machines	\$31,330	\$31,330	1,378,000	53%	\$41,112	\$697	\$369	
Zeng Hsing Industrial Co., Ltd.	Taiwan Cheer Champ Co., Ltd.	New Taipei City, Taiwan	Selling household sewing machines	\$88,631 (USD2,740,000)	\$88,631 (USD2,740,000)	15,421,630	85.68%	\$81,951	\$(2,206)	\$(1,890)	
Zeng Hsing Industrial Co., Ltd.	FOREMOST GULF INTERNATIONAL CO., LTD. (BVI)	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Holding company	\$55,716 (USD 1,950,000)	\$55,716 (USD 1,950,000)	15,000	30%	\$45,819	\$(9,101)	\$(2,730)	
FOREMOST GULF INTERNATIONAL CO., LTD. (BVI)	FOREMOST GULF INTERNATIONAL CO., LTD. (Vietnam)	No.21 Vsp II, Street No.6, Vietnam-Singapore II Industrial Park, Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province	Manufacturing electronic components	\$140,404 (USD 4,700,000)	\$140,404 (USD 4,700,000)	-	100%	\$151,540	VND (6,227,077,154)	\$(7,491)	
Zeng Hsing Industrial Co., Ltd. (VN)	Zeng Hsing Vietnam Trading Co., Ltd. (VN)	Apartment No. 03-08, Binh Duong Province, Thuan An, Binh Hoa Phong, Binh Duong Avenue, Canary Plaza	Import and export trading, wholesale and selling	\$31,168 (USD 1,000,000)	\$31,168 (USD 1,000,000)	-	100%	\$24,150	VND (429,840,987)	\$(517)	

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Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as at 30 September 2025			Net Income (Losses) of the Investee	Equity in Earnings (Losses)	Notes
				30 September 2025	31 December 2024	Shares	Percentage of Ownership	Carrying Value			
Zeng Hsing Industrial Co., Ltd.	Turvo International Co., Ltd.	Taichung, Taiwan	Manufacturing precision parts for automotive and industrial applications	\$2,016,615	\$1,966,518	15,712,000	26.06%	\$1,886,899	\$299,878	\$69,843	
Turvo International Co., Ltd.	TIPO International Co., Ltd. (Samoa)	Samoa	Financial investment, import and export trading	\$946,313 (USD31,133,211)	\$946,313 (USD31,133,211)	31,133,211	100%	\$3,263,481	\$238,249 (Note 2)	\$241,499 (Note 3)	Subsidiary
Turvo International Co., Ltd.	T&M Joint (Cayman) Holding Co., LTD.	Cayman Islands	Holding company	\$61,760 (USD2,045,753)	\$61,760 (USD2,045,753)	4,912,749	35.71%	\$2,860	\$(4,089) (Note 2)	\$(1,460) (Note 3)	Subsidiary
Turvo International Co., Ltd.	TUF Technology Co., Ltd.	Taiwan	Financial investment, import and export trading	\$900	\$900	90,000	100%	\$879	\$12 (Note 2)	\$12 (Note 3)	Subsidiary
TIPO International Co., Ltd. (Samoa)	Hong-Kong Xin-Feng Co., Ltd. [HK Xin-Feng]	HONG KONG	Holding company	\$216,811 (USD7,133,211 HKD220,000)	\$216,811 (USD7,133,211 HKD220,000)	-	100%	\$1,837,368	\$142,540 (Note 2)	Incorporated into subsidiary (Note 3)	Second-tier subsidiary
T&M Joint (Cayman) Holding Co., LTD.	Matec Southeast Asia (Thailand) Co., Ltd.	Thailand	Manufacturing forging spare parts	\$204,635 (USD6,606,203)	\$204,635 (USD6,606,203)	216,276	99.99%	\$10,684	\$(4,197) (Note 2)	Incorporated into subsidiary (Note 3)	Second-tier subsidiary

Note 1: The long-term investment gains under equity method incurred by Zeng Hsing Industrial Co., Ltd (BVI) included the gains from investees.

Note 2: The investment gains and losses recognized this period incurred by investees included the gains and losses on reinvestment.

Note 3: The investment gains and losses recognized this period included the investment gains and losses from downstream transactions.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(3) Information on investment in Mainland China

A. Information on investments in Mainland China from the Company:

(In Yuan of Foreign Currency)											
Investee Company	Main Businesses and Products	Total Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 30 September 2025	Percentage of Ownership	Equity in Earnings (Losses) (Note 1)	Carrying Value as of 30 September 2025	Accumulated Inward Remittance of Earnings as of 30 September 2025
					Outflow	Inflow					
Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd.	Manufacturing and selling household sewing machines, vacuum cleaners and spare parts	USD 3,250,000	Indirect investments through Zeng Hsing (BVI)	\$-	\$-	\$-	\$-	100%	\$19,154	\$299,860	\$606,227 (USD15,307,341) (RMB 27,000,000)
Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.	Selling household sewing machines and spare parts	USD 500,000	Indirect investments through Zeng Hsing (BVI)	\$14,931 (USD 500,000)	\$-	\$-	\$14,931 (USD 500,000)	100%	RMB 2,027,708	RMB 28,913,700	RMB26,251,891
Zhangjiagang Zenghsing Trading Co., Ltd.	Selling household sewing machines and spare parts	RMB 1,000,000	Indirect investments through Zeng Hsing (BVI)	\$-	\$-	\$-	\$-	100%	RMB 1,026,530	RMB 9,132,878	RMB 9,197,561
Dong-Guan Xin-Feng Hardware Machinery Plastics Industry Co., Ltd.	Producing and selling computer, medical equipment, optics, automobile, photoelectric, precision hardware and other parts	HKD 58,385,000 (Note 2)	Indirect investments through Turvo International Co., Ltd.	\$230,289 (USD 7,120,536)	\$-	\$-	\$230,289 (USD 7,120,536)	100%	\$142,860	\$1,833,817	\$717,836
Zhejiang Yu-Zuan Precision Component Co., Ltd.	Producing and selling computer, medical equipment, optics, automobile, photoelectric, precision hardware and other parts	USD 28,000,000 (Note 4)	Indirect investments through Turvo International Co., Ltd.	\$686,956 (USD 23,000,000)	\$-	\$-	\$686,956 (USD 23,000,000)	100% (Note 4)	\$87,966	\$1,336,694	\$-

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Accumulated investment in Mainland China as of 30 September 2025		Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 3)
Zeng Hsing Industrial Co., Ltd.	\$14,931 (USD 500,000)	\$153,298 (USD 4,098,355)	\$3,093,159
Turvo International Co., Ltd. (Turvo)	\$917,245 (USD 30,120,536)	\$917,245 (USD 30,120,536)	\$2,249,390

Note 1: The financial statement was reviewed by independent accountants.

Note 2: Part of the equity is acquired through equity transfer.

Note 3: Investment amounts in mainland China authorized by the Investment Commission, MOEA are capped at 60% of the net value of the investment company.

Note 4: Funds of US\$5,000,000 were injected into Zhejiang Yu-Zuan Precision Component Co., Ltd. by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. on 10 July 2023; therefore Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. acquired 17.86% ownership in Zhejiang Yu-Zuan Precision Component Co., Ltd. Turvo International Co., Ltd. holds a 100% ownership via TIPO International Co., Ltd. (Samoa).

- B. For the nine-month period ended 30 September 2025, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) D.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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14. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on operating strategies and has two reportable segments as follows:

Sewing machine division produces computerized and electronic sewing machines.

Precision metal parts processing division manufacture precision parts for automotive and industrial applications.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1) The reportable segments' profit and loss, information are listed as follows:

A. For the three-month period ended 30 September 2025

	Sewing machine division	Precision metal parts processing division	Adjustments and eliminations (Note)	Consolidated
Revenue				
External customers	\$1,454,831	\$793,678	\$-	\$2,248,509
Total revenue	\$1,454,831	\$793,678	\$-	\$2,248,509
Gross margin	\$371,120	\$244,946	\$-	\$616,066
Net profit	\$147,227	\$99,867	\$-	\$247,094
Segment profit (after tax)	\$113,961	\$102,459	\$-	\$216,420
Net profit attributable to the parent company	\$122,602	\$26,939	\$-	\$149,541

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. For the three-month period ended 30 September 2024

	Sewing machine division	Precision metal parts processing division	Adjustments and eliminations (Note)	Consolidated
Revenue				
External customers	\$1,478,966	\$963,997	\$-	\$2,442,963
Total revenue	\$1,478,966	\$963,997	\$-	\$2,442,963
Gross margin	\$343,777	\$364,942	\$-	\$708,719
Net profit	\$138,789	\$189,061	\$-	\$327,850
Segment profit (after tax)	\$83,680	\$186,441	\$-	\$270,121
Net profit attributable to the parent company	\$88,723	\$47,177	\$-	\$135,900

C. For the nine-month period ended 30 September 2025

	Sewing machine division	Precision metal parts processing division	Adjustments and eliminations (Note)	Consolidated
Revenue				
External customers	\$3,963,811	\$2,509,020	\$-	\$6,472,831
Total revenue	\$3,963,811	\$2,509,020	\$-	\$6,472,831
Gross margin	\$939,216	\$780,455	\$-	\$1,719,671
Net profit	\$293,157	\$330,876	\$-	\$624,033
Segment profit (after tax)	\$182,062	\$299,878	\$-	\$481,940
Net profit attributable to the parent company	\$205,824	\$78,140	\$-	\$283,964

D. For the nine-month period ended 30 September 2024

	Sewing machine division	Precision metal parts processing division	Adjustments and eliminations (Note)	Consolidated
Revenue				
External customers	\$3,540,923	\$2,769,158	\$-	\$6,310,081
Total revenue	\$3,540,923	\$2,769,158	\$-	\$6,310,081
Gross margin	\$795,705	\$1,026,998	\$-	\$1,822,703
Profit and loss	\$200,591	\$539,060	\$-	\$739,651
Segment profit (after tax)	\$218,937	\$516,553	\$-	\$735,490
Net profit attributable to the parent company	\$240,461	\$126,989	\$-	\$367,450

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Notes to Consolidated Financial Statements (Continued)
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(2) The related information of operating segment asset as of 30 September 2025, 31 December 2024 and 30 September 2024 are listed as follows:

Operating segment assets

	Sewing machine division	Precision metal parts processing division	Adjustments and eliminations (Note)	Consolidated
30 September 2025	\$6,650,143	\$6,375,783	\$-	\$13,025,926
31 December 2024	\$7,053,540	\$6,087,164	\$-	\$13,140,704
30 September 2024	\$7,032,064	\$5,931,674	\$-	\$12,963,738

Operating segment liabilities

	Sewing machine division	Precision metal parts processing division	Adjustments and eliminations (Note)	Consolidated
30 September 2025	\$2,014,362	\$2,621,650	\$-	\$4,636,012
31 December 2024	\$2,030,510	\$2,032,083	\$-	\$4,062,593
30 September 2024	\$2,028,713	\$2,047,239	\$-	\$4,075,952

Note: Inter-segment transactions are eliminated on consolidation and recorded under the “adjustment and elimination” column.