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**TAIWAN KONG KING CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
AUDITORS
FOR THE YEARS ENDED
31 DECEMBER 2025 AND 2024**

Address: 5F, No.66, Sec. 2, Nankan Rd., Luzhu Dist., Taoyuan City 338, Taiwan R.O.C.
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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.

REPRESENTATION LETTER

English Translation of the Representation Letter Originally Issued in Chinese

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

Hereby certify

Taiwan Kong King Co., Ltd.

Chairman: AVA WONG

10 March 2026



安永聯合會計師事務所

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Independent Auditors' Report Translated from Chinese

To TAIWAN KONG KING CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TAIWAN KONG KING CO., LTD. (the "Company") and its subsidiaries as of 31 December 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2025 and 2024, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2025 and 2024, and their consolidated financial performance and cash flows for the years ended 31 December 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Audit and Attestation of Financial Statement by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Allowance for impairment losses of accounts receivables

Accounts receivables and allowance for impairment losses by the Company and its subsidiaries amounted to NT\$352,932 thousand and NT\$1,261 thousand as of 31 December 2025, respectively. The net amount of accounts receivables was approximately 21% of total assets and which is significant to the Company. Considering the assessment of allowance for impairment losses is measured by lifetime expected credit loss; the process of measurement must appropriately divide accounts receivables into groups, determine and analyze the use of relevant assumptions in the process of measurement, including appropriate aging intervals, the aging loss rate for each interval and the use of forward-looking information, that reflected the measurement of the expected credit loss involving judgment, analysis and estimates, and the result of measurement affect the net amount of accounts receivables, we determined this as a key audit matter.

Our audit procedures included, but not limited to, understanding and evaluating whether the internal control is appropriate; when performing internal control, randomly selecting sales orders and vouching them to aging schedule to ensure the accuracy of aging intervals of accounts receivables; confirming whether the customer properly grouped by significantly different loss types and evaluating the reasonableness of management's estimates of assumptions; testing provision matrix, including evaluating the appropriateness of aging intervals and the accuracy of raw data by vouching them to supporting evidences, testing statistical information for the credit loss rate computed by roll rate over a one-year period, considering the reasonableness of forward-looking information used on the credit loss rate, and evaluating whether such forward-looking information would affect credit loss rate. In addition, performing the analytical review procedure to identify whether any material unusual fluctuations between the two-period of accounts receivables turnover exist. Also, reviewing the collections of accounts receivables during the subsequent period for customers with material period-end balances.

We also assessed the adequacy of disclosures of accounts receivables. Please refer to Note 5, 6 and 12 to the Company's consolidated financial statements.

Valuation of inventories

Net inventories by the Company and its subsidiaries amounted to NT\$67,998 thousand, was approximately 4% of total assets as of 31 December 2025. Considering the possibility of impairment of the inventory driven by economic conditions, the industry competition, and the unexpected decrease of total sales, we determined this as a key audit matter.



Our audit procedures included, but not limited to, understanding the internal control of management's inventory valuation process. When performing internal control, sampling purchase orders and vouching them to supporting evidences to ensure the inventory aging and the calculation of write-downs from slow-moving inventories are accurate and reasonable; performing the analytical review procedure to assess whether any material unusual fluctuation of ending balances, inventory turnover and gross margin per product between the year ended 31 December 2025 and the prior year exists; sampling sales orders and purchase orders to verify the calculation of allowance for inventory valuation losses to evaluate whether the valuation of inventories is appropriate.

We also assessed the adequacy of disclosures of inventories. Please refer to Note 4, 5 and 6 to the Company's consolidated financial statement.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2025 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2025 and 2024, respectively.

CHANG, CHIH-MING

YANG, HUNG-BIN

Ernst & Young, Taiwan

10 March 2026

Notice to Readers

The accompanying consolidated financial statements are intended only to present the 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.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN KONG KING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		As of 31 December	
	NOTES	2025	2024
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4,6&12	\$820,179	\$746,093
Notes receivable, net	4,6&12	333	39,224
Accounts receivable, net	4,6&12	351,671	303,133
Other receivables	12	2,776	4,408
Current tax assets	7&12	396	967
Inventories, net	4&6	67,998	64,933
Prepayments		20,681	57,954
Other current assets		5,004	3,306
Total Current Assets		1,269,038	1,220,018
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss, non-current	4,6&12	2,469	2,734
Financial assets at fair value through other comprehensive income, non-current	4,6&12	35,169	19,632
Property, plant and equipment	4&6	338,020	341,535
Right-of-use asset	4&6	77	1,590
Intangible assets	4&6	2,110	831
Deferred tax assets	4&6	16,247	19,296
Other non-current assets	4&12	7,541	6,290
Total Non-Current Assets		401,633	391,908
TOTAL ASSETS			
		<u>\$1,670,671</u>	<u>\$1,611,926</u>

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN KONG KING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		As of 31 December	
	NOTES	2025	2024
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Contract liabilities, current	6	\$36,404	\$100,372
Notes payable	12	1,966	34,992
Accounts payable	12	362,737	256,656
Accounts payable-related parties	7&12	11,689	27,111
Other payables	12	121,261	105,207
Other payables-related parties	7	16	161
Current tax liabilities	4	30,892	5,997
Lease liabilities, current	4&6	-	1,482
Other current liabilities		1,054	767
Total Current Liabilities		566,019	532,745
NON-CURRENT LIABILITIES			
Non-current provisions	4&6	4,721	8,853
Deferred tax liabilities	4&6	444	329
Total Non-Current Liabilities		5,165	9,182
TOTAL LIABILITIES		571,184	541,927
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY			
Capital			
Common stock	6	362,888	362,888
Capital surplus	6	44,670	44,670
Retained earnings			
Legal reserve		402,178	386,264
Special reserve		33,279	47,399
Unappropriated earnings		282,338	262,057
Total Retained earnings		717,795	695,720
Other components of equity		(25,866)	(33,279)
TOTAL EQUITY		1,099,487	1,069,999
TOTAL LIABILITIES AND EQUITY		\$1,670,671	\$1,611,926

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TAIWAN KONG KING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

ITEM	NOTES	For the years ended 31 December	
		2025	2024
OPERATING REVENUES	4,6&7	\$1,865,197	\$1,344,179
COST OF GOODS SOLD	4&7	(1,297,307)	(845,614)
GROSS PROFIT		567,890	498,565
OPERATING EXPENSES	4&7		
Sales and marketing expense		(179,545)	(165,887)
General and administrative expense		(146,964)	(141,704)
Research and development expenses		(3,965)	(3,695)
Loss Allowance for Expected Credit Losses		(803)	-
Total Operating Expense		(331,277)	(311,286)
OPERATING INCOME		236,613	187,279
NON-OPERATING INCOME AND EXPENSES			
Interest income	6	9,376	8,873
Other income	6	1,467	1,972
Other gains and losses	6	(17,755)	2,096
Financial cost	6	(14)	(88)
Subtotal		(6,926)	12,853
INCOME BEFORE INCOME TAX		229,687	200,132
INCOME TAX EXPENSE	4&6	(52,221)	(46,120)
PROFIT FROM CONTINUING OPERATIONS		177,466	154,012
NET INCOME		177,466	154,012
OTHER COMPREHENSIVE (LOSS) INCOME	6		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit pension plans		1,721	6,407
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		15,633	(269)
Income tax related to items that will not be reclassified subsequently		(3,471)	(1,228)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(5,093)	14,335
TOTAL OTHER COMPREHENSIVE INCOME		8,790	19,245
TOTAL COMPREHENSIVE INCOME		<u>\$186,256</u>	<u>\$173,257</u>
NET INCOME ATTRIBUTABLE TO:			
Stockholders of the parent		\$177,466	\$154,012
Non-controlling interests		-	-
		<u>\$177,466</u>	<u>\$154,012</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Stockholders of the parent		\$186,256	\$173,257
Non-controlling interests		-	-
		<u>\$186,256</u>	<u>\$173,257</u>
Earnings per share (NTD)			
Basic earnings per share	6		
Basic earnings per share from continuing operations		<u>\$1.22</u>	<u>\$1.06</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN KONG KING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company								
	Retained earnings					Other components of equity			
	Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Total	Total Equity
Balance as of 1 January 2024	\$362,888	\$44,670	\$356,933	\$47,632	\$393,298	\$(25,748)	\$(21,651)	\$1,158,022	\$1,158,022
Appropriation and distribution of 2023 retained earnings:									
Legal reserve	-	-	29,331	-	(29,331)	-	-	-	-
Cash dividends	-	-	-	-	(261,280)	-	-	(261,280)	(261,280)
Reversal of special reserve	-	-	-	(233)	233	-	-	-	-
Net income for the year ended 31 December 2024	-	-	-	-	154,012	-	-	154,012	154,012
Other comprehensive income (loss) for the year ended 31 December 2024, net of income tax	-	-	-	-	5,125	14,335	(215)	19,245	19,245
Total comprehensive income	-	-	-	-	159,137	14,335	(215)	173,257	173,257
Balance as of 31 December 2024	\$362,888	\$44,670	\$386,264	\$47,399	\$262,057	\$(11,413)	\$(21,866)	\$1,069,999	\$1,069,999
Balance as of 1 January 2025	\$362,888	\$44,670	\$386,264	\$47,399	\$262,057	\$(11,413)	\$(21,866)	\$1,069,999	\$1,069,999
Appropriation and distribution of 2024 retained earnings:									
Legal reserve	-	-	15,914	-	(15,914)	-	-	-	-
Cash dividends	-	-	-	-	(156,768)	-	-	(156,768)	(156,768)
Reversal of special reserve	-	-	-	(14,120)	14,120	-	-	-	-
Net income for the year ended 31 December 2025	-	-	-	-	177,466	-	-	177,466	177,466
Other comprehensive income (loss) for the year ended 31 December 2025, net of income tax	-	-	-	-	1,377	(5,093)	12,506	8,790	8,790
Total comprehensive income	-	-	-	-	178,843	(5,093)	12,506	186,256	186,256
Balance as of 31 December 2025	\$362,888	\$44,670	\$402,178	\$33,279	\$282,338	\$(16,506)	\$(9,360)	\$1,099,487	\$1,099,487

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TAIWAN KONG KING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

ITEM	For the years ended 31 December		ITEM	For the years ended 31 December	
	2025	2024		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:			CASH FLOWS FROM INVESTING ACTIVITIES:		
Net income before tax	\$229,687	\$200,132	Acquisition of property, plant and equipment	(16,311)	(92,280)
Adjustments to reconcile net income before tax to net cash provided by operating activities:			Disposal of property, plant and equipment	140	674
Depreciation expense	21,323	20,812	Increase in refundable deposits	(742)	-
Amortization expense	1,660	1,659	Decrease in refundable deposits	-	826
Net loss on financial assets or liabilities at fair value through profit or loss	265	2,172	Acquisition of intangible assets	(2,939)	(577)
Interest expense	14	88	Increase in other non-current assets	(509)	(724)
Interest income	(9,376)	(8,873)	Net cash used in investing activities	(20,361)	(92,081)
Dividend income	(613)	(604)			
Gain on disposal of property, plant and equipment	(60)	(624)			
Loss on disposal of investments	-	1,131			
Loss on lease modification	99	-			
Total adjustments to reconcile profit (loss)	13,312	15,761	CASH FLOWS FROM FINANCING ACTIVITIES:		
Changes in operating assets and liabilities:			Repayment of lease principal	(1,349)	(2,513)
Notes receivable	38,891	(35,500)	Cash dividends	(156,768)	(261,280)
Accounts receivable	(48,538)	(59,932)	Net cash used in financing activities	(158,117)	(263,793)
Other receivables	2,426	(13,731)	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(5,293)	12,584
Inventories	(3,065)	18,419	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	74,086	(215,672)
Prepayments	37,273	(20,742)	CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	746,093	961,765
Other current assets	(1,698)	666	CASH AND CASH EQUIVALENTS, END OF PERIOD	\$820,179	\$746,093
Contract liabilities	(63,968)	17,150			
Notes payable	(33,026)	34,972			
Accounts payable	106,081	138,748			
Accounts payable-related parties	(15,422)	(74,217)			
Other payables	16,054	(65,309)			
Other payables-related parties	(145)	161			
Provisions	(2,411)	(3,976)			
Other current liabilities	287	348			
Total changes in operating assets and liabilities	32,739	(62,943)			
Cash generated from operations	275,738	152,950			
Interest received	8,582	23,170			
Dividends received	613	604			
Interest expense paid	(14)	(88)			
Income taxes paid	(27,062)	(49,018)			
Net cash generated by operating activities	257,857	127,618			

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TAIWAN KONG KING CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2025 AND 2024
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

Taiwan Kong King Co., Ltd. (“the Company”) was incorporated and commenced operations on 14 June 1977. The Company trades high-end technology equipment, sells raw materials, and provides customer services as an agent. The Company’s registered office and the main business location is at 5F-4, No.66, Sec. 2, Nankan Rd., Luzhu Dist., Taoyuan City, Taiwan (R.O.C.). Wong’s Kong King International (Holdings) Limited is the Company’s parent and the ultimate controlling entity of the Company.

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

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized for issued by the Company’s board of directors (hereinafter “Board of Directors”) on 10 March 2026.

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 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.

- (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.

Items	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.

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

- (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.

Items	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
d	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	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.

(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.

(d) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

- (1) Clarify that when the entity’s functional currency is that of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.
- (2) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.
- (3) When the entity’s functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC), or the former Standing Interpretations Committee (SIC) as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") 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.

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) recognizes any surplus or deficit in profit or loss
- (f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			31 December 2025	31 December 2024
The Company	Hong Kong Taiwan Kong King Limited	Trading	100%	100%
The Company	Headway Holdings Limited	Investment holding	100%	100%
The Company	TKK Precision Co., Ltd.	Manufacturing	100%	100%
The Company	THT Technology Co., Ltd.	Manufacturing	100%	100%
Hong Kong Taiwan Kong King Limited	The Kong King Technology (Suzhou) Co., Ltd.	Trading	100%	100%
Headway Holdings Limited	Hiking International Co., Ltd.	Investment holding	100% (Note)	100% (Note)

Note: The subsidiary Hiking International Co. Ltd., was liquidated by the resolution of the board of directors on 20 September 2024, and return all the remaining share in December 2024, and completed its dissolution process in 20 February 2026.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT\$"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial instruments: recognition and measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Group's business model for managing the financial assets
- B. the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- B. the time value of money
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired.
- B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a weighted-average-method basis

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3~56 years
Machinery and equipment	2~9 years
Transportation equipment	2~6 years
Office equipment	3~6 years
Leasehold improvements	1~5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset
- (b) the right to direct the use of the identified asset

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- (c) amounts expected to be payable by the lessee under residual value guarantees
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability
- (b) any lease payments made at or before the commencement date, less any lease incentives received
- (c) any initial direct costs incurred by the lessee
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 3 years).

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Group of units), then to the other assets of the unit (Group of units) pro rata on the basis of the carrying amount of each asset in the unit (Group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(16) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is high-end machinery and revenue is recognized based on the consideration stated in the contract.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 150 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Rendering of services

The Group provides maintenance services and agency sales services for the sale of machinery and equipment. Such services are priced separately or negotiated on case-by-case basis. Maintenance services are provided based on the numbers of operation. Agency sales services require the completion of shipment and installation testing for the equipment to fulfill contractual obligations. Accordingly, the Group recognized revenues when the Group satisfied a performance obligation at a point in time.

Most of the contractual considerations of the Group are collected evenly throughout the contract periods. When the Group has performed the services to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arose.

Dividend income

Recognizes the dividend income when the Group has the right to receive.

(17) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(18) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, 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.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitment — the Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2) 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) 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.

(b) 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, future salary increases, mortality rates and future pension increases.

(c) 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 carryforward 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.

(d) 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.

(e) Inventories

Estimates of net realisable 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.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of 31 December	
	2025	2024
Cash on hand	\$490	\$642
Checking and savings accounts	523,722	512,799
Time deposits (Note)	275,980	202,652
Investment in repurchase agreements	19,987	30,000
Total	<u>\$820,179</u>	<u>\$746,093</u>

Note: The contract will expire within 12 months and it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

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

	As of 31 December	
	2025	2024
Mandatorily measured at fair value through profit or loss:		
Foreign listed stocks	<u>\$2,469</u>	<u>\$2,734</u>

Financial assets at fair value through profit or loss were not pledged.

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

	As of 31 December	
	2025	2024
Equity instrument investment measured at fair value through other comprehensive profit and loss:		
Unlisted stocks	<u>\$35,169</u>	<u>\$19,632</u>

Financial assets at fair value through other comprehensive income were not pledged.

(4) Notes receivable

	As of 31 December	
	2025	2024
Notes receivable arising from operating activities	\$333	\$39,224

Notes receivable were not pledged.

(5) Accounts receivable

	As of 31 December	
	2025	2024
Accounts receivable	\$352,932	\$303,582
Less: loss allowance	(1,261)	(449)
Total	\$351,671	\$303,133

Accounts receivables were not pledged.

Accounts receivable are generally on 30 to 150 day terms. As of 31 December 2025 and 2024, the book value amounted to NT\$352,932 thousand and NT\$303,582 thousand, respectively. Please refer to Note 6. (12) for more details on loss allowance of trade receivables for the years ended 31 December 2025 and 2024. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	As of 31 December	
	2025	2024
Raw materials	\$10,798	\$22,822
Work in progress	8,228	8,504
Finished goods	234	19
Merchandise inventories	48,738	33,588
Total	\$67,998	\$64,933

The cost of inventories recognized in expenses amounted to NT\$1,232,398 thousand for the years ended 31 December 2025, including the write-down of inventories of NT\$2,455 thousand.

The cost of inventories recognized in expenses amounted to NT\$800,913 thousand for the years ended 31 December 2024, including the write-down of inventories of NT\$1,443 thousand.

No inventories were pledged.

(7) Property, plant and equipment

							Construction in progress and equipment pending inspection	
	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements		Total
Cost:								
As of 1 January 2025	\$153,581	\$227,762	\$229,159	\$11,886	\$36,683	\$8,121	\$595	\$667,787
Additions	-	3,700	4,667	1,149	6,795	-	-	16,311
Disposals	-	-	(19,807)	(364)	(2,240)	-	-	(22,411)
Transfer	-	575	-	-	-	-	(575)	-
Exchange differences	-	440	-	47	19	-	(20)	486
As of 31 December 2025	<u>\$153,581</u>	<u>\$232,477</u>	<u>\$214,019</u>	<u>\$12,718</u>	<u>\$41,257</u>	<u>\$8,121</u>	<u>\$-</u>	<u>\$662,173</u>
As of 1 January 2024	\$153,581	\$137,708	\$229,104	\$12,541	\$37,088	\$8,121	\$-	\$578,143
Additions	-	89,507	140	150	1,891	-	592	92,280
Disposals	-	-	(85)	(933)	(2,576)	-	-	(3,594)
Exchange differences	-	547	-	128	280	-	3	958
As of 31 December 2024	<u>\$153,581</u>	<u>\$227,762</u>	<u>\$229,159</u>	<u>\$11,886</u>	<u>\$36,683</u>	<u>\$8,121</u>	<u>\$595</u>	<u>\$667,787</u>
Depreciation and impairment:								
As of 1 January 2025	\$7,000	\$61,513	\$218,068	\$10,117	\$23,678	\$5,876	\$-	\$326,252
Depreciation	-	6,083	6,839	878	5,584	674	-	20,058
Disposals	-	-	(19,087)	(346)	(2,178)	-	-	(22,331)
Exchange differences	-	140	-	20	14	-	-	174
As of 31 December 2025	<u>\$7,000</u>	<u>\$67,736</u>	<u>\$205,100</u>	<u>\$10,669</u>	<u>\$27,098</u>	<u>\$6,550</u>	<u>\$-</u>	<u>\$324,153</u>
As of 1 January 2024	\$7,000	\$58,420	\$210,079	\$10,015	\$20,234	\$5,203	\$-	\$310,951
Depreciation	-	3,017	8,074	903	5,814	673	-	18,481
Disposals	-	-	(85)	(883)	(2,576)	-	-	(3,544)
Exchange differences	-	76	-	82	206	-	-	364
As of 31 December 2024	<u>\$7,000</u>	<u>\$61,513</u>	<u>\$218,068</u>	<u>\$10,117</u>	<u>\$23,678</u>	<u>\$5,876</u>	<u>\$-</u>	<u>\$326,252</u>
Net carrying amount as of:								
31 December 2025	<u>\$146,581</u>	<u>\$164,741</u>	<u>\$8,919</u>	<u>\$2,049</u>	<u>\$14,159</u>	<u>\$1,571</u>	<u>\$-</u>	<u>\$338,020</u>
31 December 2024	<u>\$146,581</u>	<u>\$166,249</u>	<u>\$11,091</u>	<u>\$1,769</u>	<u>\$13,005</u>	<u>\$2,245</u>	<u>\$595</u>	<u>\$341,535</u>

No property, plant and equipment were pledged.

(8) Intangible Assets

	Computer software	Other intangible assets	Total
Cost:			
As of 1 January 2025	\$13,681	\$678	\$14,359
Addition-acquired separately	2,939	-	2,939
Disposal	(2,755)	(655)	(3,410)
Exchange differences	1	(23)	(22)
As of 31 December 2025	<u>\$13,866</u>	<u>\$-</u>	<u>\$13,866</u>
As of 1 January 2024	\$14,666	\$655	\$15,321
Addition-acquired separately	577	-	577
Disposal	(1,579)	-	(1,579)
Exchange differences	17	23	40
As of 31 December 2024	<u>\$13,681</u>	<u>\$678</u>	<u>\$14,359</u>
Amortization and impairment:			
As of 1 January 2025	\$12,850	\$678	\$13,528
Amortization	1,660	-	1,660
Disposal	(2,755)	(655)	(3,410)
Exchange differences	1	(23)	(22)
As of 31 December 2025	<u>\$11,756</u>	<u>\$-</u>	<u>\$11,756</u>
As of 1 January 2024	\$12,753	\$655	\$13,408
Amortization	1,659	-	1,659
Disposal	(1,579)	-	(1,579)
Exchange differences	17	23	40
As of 31 December 2024	<u>\$12,850</u>	<u>\$678</u>	<u>\$13,528</u>
Net carrying amount as of:			
31 December 2025	<u>\$2,110</u>	<u>\$-</u>	<u>\$2,110</u>
31 December 2024	<u>\$831</u>	<u>\$-</u>	<u>\$831</u>

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

	For the years ended 31 December	
	2025	2024
Operating costs	\$46	\$29
Selling expenses	\$161	\$-
Administrative expenses	\$1,265	\$1,445
Research and development expenses	\$188	\$185

(9) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries make monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension benefits for employees of the subsidiaries in China are provided in accordance with the local regulations. The subsidiaries will make contributions of certain percentage of each individual employee's salaries to employee's pension accounts.

Pension benefits for employees of foreign subsidiaries are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2025 and 2024 were NT\$8,291 thousand and NT\$8,147 thousand, respectively.

Defined benefits plan

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Group assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Group will make up for the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with Paragraph 142 of IAS 19. The Group expects to contribute NT\$3,614 thousand to its defined benefit plan during the 12 months beginning after 31 December 2025.

As of 31 December 2025 and 2024, the Group expects its defined benefits plan obligation to become due in 2037.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2025	2024
Current period service costs	\$575	\$559
Net interest on the net defined benefit liabilities (assets)	81	173
Total	<u>\$656</u>	<u>\$732</u>

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of 31 December	
	2025	2024
Defined benefit obligation	\$83,629	\$78,884
Plan assets at fair value	(81,420)	(71,959)
Funding	<u>\$2,209</u>	<u>\$6,925</u>
Noncurrent Provisions (net defined benefit liabilities)	<u>\$4,721</u>	<u>\$8,853</u>
Other noncurrent asset - net defined benefit asset	<u>\$1,989</u>	<u>\$1,480</u>

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability (assets)
As of 1 January 2024	\$78,605	\$(61,776)	\$16,829
Current period service costs	559	-	559
Net interest expense (income)	948	(775)	173
Subtotal	<u>1,507</u>	<u>(775)</u>	<u>732</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(1,964)	-	(1,964)
Experience adjustments	736	-	736
Remeasurements of defined benefit asset	<u>-</u>	<u>(5,179)</u>	<u>(5,179)</u>
Subtotal	<u>(1,228)</u>	<u>(5,179)</u>	<u>(6,407)</u>
Payments from the plan	-	-	-
Contributions by employer	<u>-</u>	<u>(4,229)</u>	<u>(4,229)</u>
As of 31 December 2024	78,884	(71,959)	6,925
Current period service costs	575	-	575
Net interest expense (income)	1,266	(1,185)	81
Subtotal	<u>1,841</u>	<u>(1,185)</u>	<u>656</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability (assets)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	1,305	-	1,305
Experience adjustments	1,599	-	1,599
Remeasurements of defined benefit asset	-	(4,625)	(4,625)
Subtotal	2,904	(4,625)	(1,721)
Payments from the plan	-	-	-
Contributions by employer	-	(3,651)	(3,651)
As of 31 December 2025	\$83,629	\$(81,420)	\$2,209

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of 31 December	
	2025	2024
Discount rates	1.30%-1.40%	1.60%-1.70%
Expected rates of salary increase	2.00%-2.50%	2.00%-2.50%

The following sensitivity analysis for significant assumption:

	For the year ended 31 December 2025	
	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.1%	\$-	\$439
Discount rate decreases by 0.1%	443	-
Future salary increases by 0.1%	356	-
Future salary decreases by 0.1%	-	354

	For the year ended 31 December 2024	
	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.1%	\$-	\$478
Discount rate decreases by 0.1%	483	-
Future salary increases by 0.1%	400	-
Future salary decreases by 0.1%	-	397

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(10) Equities

(a) Common stock

As of 31 December 2025 and 2024, the Company's registered capital was both NT\$450,000 thousand and the issued capital was NT\$362,888 thousand, each par value of NT\$2.5.

(b) Capital surplus

	As of 31 December	
	2025	2024
Additional paid-in capital	\$36,000	\$36,000
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired / disposed of	8,670	8,670
Total	<u>\$44,670</u>	<u>\$44,670</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Group. When a Group 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 Group. 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 policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- A. Pay all taxes and dues
- B. Offset prior years' operation losses
- C. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve
- D. Set aside or reverse special reserve in accordance with law and regulations
- E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting.

According to the Company Act, the Group needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Group. When the Group incurs no loss, it may distribute the portion of legal reserve 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.

When the Company distributing distributable earnings, it shall set aside to special reserve, 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 according to the requirements for the adoption of 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.

The appropriation of earning for 2025 was approved at the board meeting held on 10 March 2026, while the distribution of dividend for 2024 was approved at the stockholder's meeting held on 17 June 2025. The details of distribution are as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Legal reserve	\$17,884	\$15,914		
Reversal of special reserve	(7,413)	(14,120)		
Cash dividend	166,929	156,768	\$1.15	\$1.08

Please refer to Note 6. (14) for details on employees' compensation and remuneration to directors and supervisors.

(11) Operating revenues

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Sale of goods	\$1,724,507	\$1,181,826
Revenue arising from rendering of services	140,690	162,353
Total	<u>\$1,865,197</u>	<u>\$1,344,179</u>

Analysis of revenue from contracts with customers for the years ended 31 December 2025 and 2024 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2025

	Equipment Division	Production	Total
Sales revenue	\$1,644,914	\$79,593	\$1,724,507
Rendering of services	140,690	-	140,690
Total	<u>\$1,785,604</u>	<u>\$79,593</u>	<u>\$1,865,197</u>
Timing of revenue recognition:			
At a point in time	<u>\$1,785,604</u>	<u>\$79,593</u>	<u>\$1,865,197</u>

For the year ended 31 December 2024

	Equipment Division	Production	Total
Sales revenue	\$1,091,933	\$89,893	\$1,181,826
Rendering of services	162,115	238	162,353
Total	<u>\$1,254,048</u>	<u>\$90,131</u>	<u>\$1,344,179</u>
Timing of revenue recognition:			
At a point in time	<u>\$1,254,048</u>	<u>\$90,131</u>	<u>\$1,344,179</u>

(b) Contract balances

Contract liabilities - current

	As at		
	31 Dec. 2025	31 Dec. 2024	1 Jan. 2024
Sales of goods	<u>\$36,404</u>	<u>\$100,372</u>	<u>\$83,222</u>

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2025 and 2024 are as follows:

	For the years ended 31 December	
	2025	2024
The opening balance transferred to revenue	\$87,335	\$66,045
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	23,367	83,195

(12) Expected credit losses/(gains)

	For the years ended 31 December	
	2025	2024
	\$803	\$-
Operating expenses – Expected credit losses/(gains)		

The Group does not expect that any significant losses will occur because the counterparty fails to fulfill the agreement. Please refer to Note 12 for information of credit risks.

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

- (a) the loss allowance of accounts receivables is measured at an amount equal to lifetime expected credit losses, details are as follows:

	As of 31 December	
	2025	2024
Total carrying amount	\$353,265	\$342,806
Expected credit loss rates	0.36%	0.13%
Loss allowance	1,261	449
Total	\$352,004	\$342,357

- (b) based on past experience, the Group considers its accounts receivables as a single group and its loss allowance is measured by using a provision matrix, details are as follows:

For the year ended 31 December 2025

	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$352,265	\$-	\$-	\$-	\$-	\$-	\$353,265
Loss ratio	0.36%						0.36%
Lifetime expected credit losses	1,261	-	-	-	-	-	1,261
Total	\$352,004	\$-	\$-	\$-	\$-	\$-	\$352,004

For the year ended 31 December 2024

	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$342,806	\$-	\$-	\$-	\$-	\$-	\$342,806
Loss ratio	0.13%						0.13%
Lifetime expected credit losses	449	-	-	-	-	-	449
Total	\$342,357	\$-	\$-	\$-	\$-	\$-	\$342,357

(13) Leases

(a) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and other equipment. The lease terms range from 1 to 4 years.

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

A. Amounts recognized in the balance sheet

I. Right-of-use assets

The carrying amount of right-of-use assets

	As of 31 December	
	2025	2024
Buildings	\$77	\$1,590

There were no additions to right-of-use assets during the years ended 31 December 2025 and 2024.

II. Lease liabilities

	As of 31 December	
	2025	2024
Lease liabilities	\$-	\$1,482
Current	\$-	\$1,482
Non-current	\$-	\$-

Please refer to Note 6. (15) d. for the interest on lease liabilities recognized during the years ended 31 December 2025 and 2024 and refer to Note 12. (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2025	2024
Buildings	\$1,265	\$2,331

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2025	2024
The expenses relating to short-term leases	\$1,159	\$1,609
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	100	80

D. Cash outflow relating to leasing activities

During the years ended 31 December 2025 and 2024, the Group's total cash outflows for leases amounting to NT\$2,608 thousand and NT\$4,202 thousand, respectively.

(14) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2025 and 2024:

	2025			2024		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$49,621	\$236,026	\$285,647	\$50,704	\$211,752	\$262,456
Labor and health insurance	3,684	13,405	17,089	3,497	14,123	17,620
Pension	1,834	7,113	8,947	1,783	7,096	8,879
Other employee benefits expense	2,650	10,950	13,600	2,408	11,019	13,427
Depreciation	8,492	12,831	21,323	9,476	11,336	20,812
Amortization	46	1,614	1,660	29	1,630	1,659

According to the original Articles of Incorporation, 1% to 8% of profit of the current year is distributable as employees' compensation, and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. 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 as remuneration to directors and supervisors only in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. The Company, by resolution of the shareholders' meeting, amended the Articles of Incorporation on 17 June 2025, according to the amended Articles of Incorporation, 1% to 8% of profit of the current year is distributable as employees' compensation, and no higher than 1% to 3% of profit of the current year is distributable as remuneration to directors and supervisors. The employees' compensation shall allocate no less than 30% to grassroots employees, and the remuneration to directors and supervisors shall be determined and granted by the Board of Directors with reference to generally prevailing industry standards. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended 31 December 2025, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2025 to be 1% of profit of the current year, recognized as the employees' compensation and remuneration to directors and supervisors were both NT\$2,299 thousand. The amounts of the employees' compensation and remuneration to directors and supervisors recognized for the year ended 31 December 2024 were both NT\$2,015 thousand. The estimated amounts were based on the profit of current period and were recognized as salaries.

A resolution was passed at the board meeting held on 11 March 2025 to distribute both NT\$2,015 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2024. No material differences existed between the estimated amount and the actual distribution passed at the board meeting.

(15) Non-operating income and expenses

(a) Interest income

	For the years ended 31 December	
	2025	2024
Financial assets measured at amortized cost	\$9,376	\$8,873

(b) Other income

	For the years ended 31 December	
	2025	2024
Rental income	\$242	\$237
Dividend income	613	604
Others	612	1,131
Total	\$1,467	\$1,972

(c) Other gains and losses

	For the years ended 31 December	
	2025	2024
Gains on disposal of property, plant and equipment	\$60	\$624
Foreign exchange (losses) gains, net	(16,713)	5,941
Losses on financial assets at fair value through profit or loss (Note)	(265)	(2,172)
Others	(738)	(1,166)
Loss on lease modification	(99)	-
Loss on disposal of investments	-	(1,131)
Total	\$(17,755)	\$2,096

Note: Balance in current period resulted from financial assets mandatorily measured at fair value through profit or loss.

(d) Finance costs

	For the years ended 31 December	
	2025	2024
	<u>\$ (14)</u>	<u>\$ (88)</u>
Interest on lease liabilities		

(16) Components of other comprehensive income

For the year ended 31 December 2025

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurement of defined benefit plans	\$1,721	\$-	\$1,721	\$(344)	\$1,377
Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	15,633	-	15,633	(3,127)	12,506
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(5,093)	-	(5,093)	-	(5,093)
Total	<u>\$12,261</u>	<u>\$-</u>	<u>\$12,261</u>	<u>\$(3,471)</u>	<u>\$8,790</u>

For the year ended 31 December 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurement of defined benefit plans	\$6,407	\$-	\$6,407	\$(1,282)	\$5,125
Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	(269)	-	(269)	54	(215)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	14,335	-	14,335	-	14,335
Total	<u>\$20,473</u>	<u>\$-</u>	<u>\$20,473</u>	<u>\$(1,228)</u>	<u>\$19,245</u>

(17) Income tax

The major components of income tax expense (income) for the years ended 31 December 2025 and 2024 are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2025	2024
Current income tax expense (income):		
Current income tax charge	\$52,558	\$42,270
Adjustments in respect of current income tax of prior periods	(30)	(144)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(307)	3,994
Total income tax expense	<u>\$52,221</u>	<u>\$46,120</u>

Income tax recognized in other comprehensive income

	For the years ended 31 December	
	2025	2024
Deferred tax expense (income):		
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$3,127	\$(54)
Gains on remeasurement of defined benefit plan	344	1,282
Income tax relating to components of other comprehensive income	<u>\$3,471</u>	<u>\$1,228</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2025	2024
Accounting profit before tax from continuing operations	<u>\$229,687</u>	<u>\$200,132</u>
Tax at the domestic rates applicable to profits in the country concerned	\$45,401	\$39,883
Tax effect of revenues exempt from taxation	(3,254)	(2,054)
Tax effect of expenses not deductible for tax purposes	6,102	6,068
Corporate income surtax on undistributed retained earnings	547	146
Adjustments in respect of current income tax of prior periods	(30)	(144)
Tax effect of deferred tax assets/liabilities	3,455	2,221
Total income tax expense recognized in profit or loss	<u>\$52,221</u>	<u>\$46,120</u>

Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2025

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Pension	\$4,651	\$(588)	\$(344)	\$3,719
Allowance for inventory valuation losses	2,242	491	-	2,733
Unrealized exchange loss (gains)	251	(232)	-	19
Unrealized salaries	5,635	583	-	6,218
Revaluations of financial assets at fair value through profit or loss	204	53	-	257
Revaluations of financial assets at fair value through other comprehensive income	6,017	-	(3,127)	2,890
Others	(33)	-	-	(33)
Deferred tax income		<u>\$307</u>	<u>\$(3,471)</u>	
Deferred tax assets/(liabilities), net	<u>\$18,967</u>			<u>\$15,803</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$19,296</u>			<u>\$16,247</u>
Deferred tax liabilities	<u>\$(329)</u>			<u>\$(444)</u>

For the year ended 31 December 2024

	Beginning balance	Recognized in profit or loss	Recognized in other Comprehensive income	Ending balance
Temporary differences				
Pension	\$6,629	\$(696)	\$(1,282)	\$4,651
Allowance for inventory valuation losses	1,983	259	-	2,242
Unrealized exchange loss (gains)	(302)	553	-	251
Unrealized salaries	10,207	(4,572)	-	5,635
Revaluations of financial assets at fair value through profit or loss	(258)	462	-	204
Revaluations of financial assets at fair value through other comprehensive income	5,963	-	54	6,017
Others	(33)	-	-	(33)
Deferred tax income		<u>\$(3,994)</u>	<u>\$(1,228)</u>	
Deferred tax assets/(liabilities), net	<u>\$24,189</u>			<u>\$18,967</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$24,784</u>			<u>\$19,296</u>
Deferred tax liabilities	<u>\$(595)</u>			<u>\$(329)</u>

Unrecognized deferred tax assets

Total unrecognized deferred income tax assets were NT\$7,780 thousand and NT\$4,316 thousand as of December 31, 2025 and 2024, respectively.

The assessment of income tax returns

As of 31 December 2025, the assessment of the income tax returns of the Company and its subsidiaries was as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2023
TKK Precision Co., Ltd	Assessed and approved up to 2023
THT Technology Co., Ltd	Assessed and approved up to 2023

(18) Earnings per share

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

Given that the Group does not have potential common shares which have dilutive effects outstanding, the Group is not required to adjust basic earnings per share for dilution.

	<u>For the years ended</u> <u>31 December</u>	
	<u>2025</u>	<u>2024</u>
Basic earnings per share		
Profit attributable to ordinary equity holders of the Group (in thousand NT\$)	<u>\$177,466</u>	<u>\$154,012</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>145,156</u>	<u>145,156</u>
Basic earnings per share (NT\$)	<u>\$1.22</u>	<u>\$1.06</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

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

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
WKK Japan Limited	Other related parties
Wong's Kong King Holdings Limited	Other related parties
WKK (THAILAND) LTD.	Other related parties
Taiwan WKK Distribution Co., Ltd.	Other related parties

Significant transactions with related parties

(1) Sales

	For the years ended 31 December	
	2025	2024
Other related parties		
WKK (THAILAND) LTD.	\$-	\$233

The sales of the Group to the related parties reference to no similar transactions. The terms of the transactions were agreed upon by both sides based on the market condition. The collection period for sales to related parties was 1 to 2 months.

(2) Purchases

	For the years ended 31 December	
	2025	2024
Other related parties		
WKK Japan Limited	\$148,035	\$170,031
Taiwan WKK Distribution Co., Ltd.	-	64
Total	\$148,035	\$170,095

The purchase of the Group from related parties was not on discounted price. The terms of the transactions were agreed upon by both sides based on the market condition. The collection period for sales to related parties was 1 to 2 months.

(3) Amounts owed to related parties

(a) Accounts Payable

	As of 31 December	
	2025	2024
Other related parties		
WKK Japan Limited	\$11,689	\$27,111

(b) Other payables

	As of 31 December	
	2025	2024
Other related parties		
WKK Japan Limited	\$16	\$-
Wong's Kong King Holdings Limited	-	161
Total	\$16	\$161

(4) Service revenue

	For the years ended 31 December	
	2025	2024
Other related parties		
WKK Japan Limited	\$46,035	\$59,388

(5) Cost of services

	For the years ended 31 December	
	2025	2024
Other related parties		
WKK Japan Limited	\$389	\$1,968
WKK (THAILAND) LTD.	449	-
Total	\$838	1,968

(6) Operating expenses

	For the years ended 31 December	
	2025	2024
Other related parties		
WKK Japan Limited	\$3	\$-

(7) Property transactions

For the year ended 31 December 2025

Counterparty	Object of transaction	Purchase price	Gains (losses) on disposal of assets
Acquisitions			
Other related parties			
WKK Japan Limited	Machinery and equipment	\$4,265	Not applicable

For the year ended 31 December 2024: None.

(8) Key management personnel compensation

	For the years ended 31 December	
	2025	2024
Short-term employee benefits	\$43,948	\$45,402
Post-employment benefits	899	953
Total	\$44,847	\$46,355

8. ASSETS PLEDGED AS SECURITY

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

None.

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

<u>Financial assets</u>	<u>As of 31 December</u>	
	<u>2025</u>	<u>2024</u>
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss	\$2,469	\$2,734
Financial assets at fair value through other comprehensive income	35,169	19,632
Financial assets measured at amortized cost (Note 1)	1,180,021	1,097,026
Total	<u>\$1,217,659</u>	<u>\$1,119,392</u>
<u>Financial liabilities</u>	<u>As of 31 December</u>	
	<u>2025</u>	<u>2024</u>
Financial liabilities at amortized cost:		
Notes payable and accounts payables	\$497,669	\$424,127
Lease liabilities	-	1,482
Total	<u>\$497,669</u>	<u>\$425,609</u>

Note 1: Including cash and cash equivalents (excluding cash on hand), notes receivable, accounts receivable, other receivables and refundable deposits.

(2) Financial risk management objectives and policies

The Group's principal financial 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 the Group's policy and risk appetite.

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

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is 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 are denominated in a different currency from the Group's functional currency). The Group opened savings accounts for some foreign currency receivables and payments to manage foreign currency risk by adjusting exchange rate immediately. Also, the Group considered currency factors when making sales quotation to ensure a reasonable profit.

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 at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD, foreign currency RMB, foreign currency JPY and foreign currency EUR. The information of the sensitivity analysis is as follows:

- (a) When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT\$1,907 thousand and NT\$2,844 thousand, respectively.
- (b) When NTD strengthens/weakens against foreign currency RMB by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT\$267 thousand and NT\$461 thousand, respectively.

- (c) When NTD strengthens/weakens against foreign currency JPY by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT\$1,661 thousand and NT\$1,809 thousand, respectively.
- (d) When NTD strengthens/weakens against foreign currency EUR by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT\$108 thousand and NT\$124 thousand, respectively.

Equity price risk

The fair values of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under available-for-sale financial assets. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

The group does not hold the listed company's stocks equity securities for trading.

For the years ended 31 December 2025 and 2024, a change of 1% in the price of the listed company stocks classified as equity instruments investments measured at fair value through profit or loss could have an impact of NT\$25 thousand and NT\$27 thousand on the equity attributable to the Group, respectively.

(4) Credit risk management

Credit risk is the risk that a 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 accounts receivables 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 counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2025 and 2024, amounts receivables from top ten customers represented 72.12% and 51.87% of the total accounts 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.

The Group adopted IFRS 9 to assess the expected credit losses, for the loss allowance of accounts receivables is measured at lifetime expected credit losses.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When assessing the expected credit losses in accordance with IFRS 9, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and industrial information, the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

(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. 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 instruments

	Less than 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
As of 31 December 2025					
Notes payable	\$1,966	\$-	\$-	\$-	\$1,966
Trade and other payables	495,703	-	-	-	495,703
As of 31 December 2024					
Notes payable	\$34,992	\$-	\$-	\$-	\$34,992
Trade and other payables	389,135	-	-	-	389,135
Lease liabilities	1,482	-	-	-	1,482

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2025:

	Leases liabilities	Total liabilities from financing activities
As of 1 January 2025	\$1,482	\$1,482
Cash flows	(1,349)	(1,349)
Non-cash changes	(129)	(129)
Foreign exchange movement	(4)	(4)
As of 31 December 2025	\$-	\$-

Reconciliation of liabilities for the year ended 31 December 2024:

	Leases liabilities	Total liabilities from financing activities
As of 1 January 2024	\$3,846	\$3,846
Cash flows	(2,513)	(2,513)
Non-cash changes	-	-
Foreign exchange movement	149	149
As of 31 December 2024	<u>\$1,482</u>	<u>\$1,482</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:

- 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.

(b) 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 measure 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 measured at fair value on a recurring basis, the Group re-evaluates their classification at every end of the reporting period to determine the amount of any transfer between different levels of the fair value hierarchy.

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

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets measured at fair value on a recurring basis is as follows:

As of 31 December 2025				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
Stocks	\$2,469	\$-	\$-	\$2,469
Financial assets at fair value through other comprehensive income				
Investments in equity instruments designated at fair value through other comprehensive income	-	-	35,169	35,169
As of 31 December 2024				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
Stocks	\$2,734	\$-	\$-	\$2,734
Financial assets at fair value through other comprehensive income				
Investments in equity instruments designated at fair value through other comprehensive income	-	-	19,632	19,632

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2025	\$19,632
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	15,633
Foreign exchange movement	(96)
Ending balances as of 31 December 2025	\$35,169

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2024	\$19,787
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(269)
Foreign exchange movement	114
Ending balances as of 31 December 2024	\$19,632

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of 31 December 2025					
	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30~80%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group’s equity by NT\$5,747 thousand

As of 31 December 2024					
	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30~80%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT\$ 3,576 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Accounting Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(9) Significant assets and liabilities denominated in foreign currencies

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

As of 31 December 2025			
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$10,598	31.4300	\$333,095
JPY	1,047,491	0.2007	210,231
EUR	495	36.8800	18,256
RMB	6,804	4.4905	30,553
HKD	35	4.0380	141
<u>Financial liabilities</u>			
Monetary items:			
USD	4,532	31.4300	142,441
JPY	219,803	0.2007	44,114
EUR	201	36.8800	7,413
RMB	869	4.4905	3,902
HKD	170	4.0380	686

As of 31 December 2024			
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$13,055	32.8000	\$428,204
JPY	1,077,350	0.2100	226,244
EUR	1,374	34.1400	46,908
RMB	11,112	4.4770	49,748
HKD	61	4.2240	258
<u>Financial liabilities</u>			
Monetary items:			
USD	4,383	32.8000	143,762
JPY	215,732	0.2100	45,304
EUR	1,010	34.1400	34,481
RMB	817	4.4770	3,658
HKD	102	4.2240	431

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

For the years ended 31 December 2025 and 2024, the Group's foreign exchange (loss) gain is NT\$(16,713) thousand and NT\$5,941 thousand, 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 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.

13. OTHER DISCLOSURES

(1) Information at significant transactions

- A. Financing provided to others: Attachment 1
- B. Endorsements/guarantees provided: None
- C. Marketable securities held: Attachment 2
- D. Total sales to or purchases from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Attachment 3

- E. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- F. Significant intercompany transactions and amounts between consolidated entities: Attachment 4

(2) Information on investees: Please refer to Attachment 5

(3) Information on investments in Mainland China: Please refer to Attachment 6

14. SEGMENT INFORMATION

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

- (1) Equipment Division Segment: Installation and related warranty of machinery, after-sales service and the control of inventories, marketing for SMT, semiconductor and solar equipment, marketing for PCB equipment and materials, market research, business activities, market development plans and implementation.
- (2) Production Segment: Control of machinery and its related products' manufacturing.

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.

Reportable on departmental profit and loss, assets and liabilities :

For the year ended 31 December 2025

	Equipment Division	Production	Adjustment and elimination	Consolidated
Revenue				
External customer	\$1,785,604	\$79,593	\$-	\$1,865,197
Inter-segment	67,544	40,527	(108,071)	-
Total revenue	<u>\$1,853,148</u>	<u>\$120,120</u>	<u>\$(108,071)</u>	<u>\$1,865,197</u>
Segment profit	<u>\$227,596</u>	<u>\$1,665</u>	<u>\$426</u>	<u>\$229,687</u>

For the year ended 31 December 2024

	Equipment Division	Production	Adjustment and elimination	Consolidated
Revenue				
External customer	\$1,254,048	\$90,131	\$-	\$1,344,179
Inter-segment	94,024	37,614	(131,638)	-
Total revenue	<u>\$1,348,072</u>	<u>\$127,745</u>	<u>\$(131,638)</u>	<u>\$1,344,179</u>
Segment profit	<u>\$204,332</u>	<u>\$1,968</u>	<u>\$(6,168)</u>	<u>\$200,132</u>

Inter-segment revenue was eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

(3) Regional information

Region	For the years ended 31 December	
	2025	2024
Asia	\$1,855,864	\$1,343,792
Other	9,333	387
Total	<u>\$1,865,197</u>	<u>\$1,344,179</u>

Revenue is classified based on the country of shipment specified by the customer.

(4) Important customer information

Client	Sales amount
For the year ended December 31, 2025:	
Client A	\$933,908
For the year ended December 31, 2024:	
Client A	\$296,200

Attachment 1 (Financing provided to others as of 31 December 2025)

Unit: Amount in thousands of NTD

No (Note 1)	Creditor	Borrower	General Leger account	Related party	Maximum outstanding balance during the year ended 31 December 2025	Balance at 31 December 2025 (Note 2)	Actual amount	Interest rate%	Nature for Financing	Reason for Financing	Loss Allowance	Collateral	Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
0	Taiwan Kong King Co., Limited	Headway Holdings Limited	Other Receivables	yes	\$50,000	\$-	\$-	0.80%	Due to short- term financing	Need for operating	\$-	-	\$109,949	\$439,795

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

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Although the Company has yet to disburse funds by the end of the current period, in accordance with Paragraph 1, Article 14 of the 'Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies', we have reported our loaning of funds to the board meeting for resolution and included the amount resolved in the meeting in the ending balance to disclose the risks assumed.

Note 3 : The limits and the calculation is based on the 10% of equity of report audited by the auditors.

Note 4 : The limits and the calculation is based on the 40% of equity of report audited by the auditors.

Attachment 2 (Securities held as of 31 December 2025)

Unit: Amount in thousands of NTD

(Except for the shares or units)

Holding Company Name	Type and Name of the Securities	Relationship	Financial statement account	As of 31 December 2025				Notes
				Shares	Carrying amount	Percentage of ownership(%)	Fair value/ Net assets value	
Taiwan Kong King Co., Limited	Foreign listed stocks	-	Financial assets at fair value through profit or loss, noncurrent	21,700	\$2,469	0.54%	\$2,469	-
	Inspec Limited							
Taiwan Kong King Co., Limited	Unlisted stock	-	Financial assets at fair value through other comprehensive income, noncurrent	3,056,689	33,122	2.50%	33,122	(Note 1)
	Raytek Semiconductor, Inc.							
Hong Kong Taiwan Kong King Limited	Unlisted stock	-	Financial assets at fair value through other comprehensive income, noncurrent	1,516,606	2,047	9.03%	2,047	(Note 1)
	Top Range Machinery Co., Ltd.							

Note 1: No market price.

Attachment 3 (Total sales to or purchases from related parties amounting to at least NT\$100 million or 20% of the paid-in capital)

Unit: Amount in thousands of NTD

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Taiwan Kong King Co., Limited	WKK Japan Limited	Other related parties	Purchases	\$126,787	12.31%	30 days	Note	Note	\$11,645	3.64%	

Note : No material differences between other transactions.

Attachment 4 (Significant intercompany transactions between consolidated entities)

Unit: Amount in thousands of NTD

No. (Note 1)	Related party	Counterparty	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Collection periods (Note 4)	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	Taiwan Kong King Co., Limited	Headway Holdings Limited	1	Commission income	\$15,745	-	0.84%
0	Taiwan Kong King Co., Limited	Headway Holdings Limited	1	Other income	3,767	-	0.20%
0	Taiwan Kong King Co., Limited	Hong Kong Taiwan Kong King Limited	1	Commission income	15,546	-	0.83%
0	Taiwan Kong King Co., Limited	Hong Kong Taiwan Kong King Limited	1	Accounts Receivable	14,412	-	0.86%
0	Taiwan Kong King Co., Limited	THT Technology Co., Ltd.	1	Prepayment for purchases	1,610	-	0.10%
0	Taiwan Kong King Co., Limited	THT Technology Co., Ltd.	1	Rental income	1,734	-	0.09%
0	Taiwan Kong King Co., Limited	THT Technology Co., Ltd.	1	Purchase	17,753	-	0.95%
0	Taiwan Kong King Co., Limited	THT Technology Co., Ltd.	1	Accounts payable	8,831	-	0.53%
0	Taiwan Kong King Co., Limited	TKK Precision Co., Ltd.	1	Accounts payable	7,467	-	0.45%
0	Taiwan Kong King Co., Limited	TKK Precision Co., Ltd.	1	Purchase	18,864	-	1.01%
0	Taiwan Kong King Co., Limited	The Kong King Technology (Suzhou)	1	Sales revenue	13,089	-	0.70%
0	Taiwan Kong King Co., Limited	The Kong King Technology (Suzhou)	1	Cost of repairs	22,954	-	1.23%
0	Taiwan Kong King Co., Limited	The Kong King Technology (Suzhou)	1	Accounts Receivable	2,750	-	0.16%
1	TKK Precision Co., Ltd.	The Kong King Technology (Suzhou)	3	Sales revenue	2,244	-	0.12%

Note 1: The numbers above are identified as follows:

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

Note 2: The flow of transactions was as follows:

- 1.From the Company to the subsidiary.
- 2.From the subsidiary to the Company.
- 3.Between subsidiaries.

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, cumulative balances are used as basis.

Note 4: The sales prices and payment terms of intercompany sales are not significantly different from those to third parties.

For other intercompany transactions, prices and terms are determined in accordance with mutual agreements.

Unit: Amount in thousands of NTD

(Except for the shares or units)

Investor Company	Investee company	Location	Main Businesses and Products	Initial Investment		Investment as of 31 December 2025			Net income (loss) of investee company	Investment income(loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying Amount			
Taiwan Kong King Co., Limited	Hong Kong Taiwan Kong King Limited	Hong Kong	Electronic components trading etc.	\$114,505	\$114,505	26,210,000	100.00%	\$169,911	\$(71)	\$184	Subsidiary
Taiwan Kong King Co., Limited	TKK Precision Co., Ltd.	R.O.C	Electronic components manufacturing, electronic materials trading and testing, and machinery and equipment retailing	90,530	90,530	6,237,000	100.00%	81,219	(17,815)	(17,430)	Subsidiary
Taiwan Kong King Co., Limited	Headway Holdings Limited	Samoa	Electronic components trading etc.	36,076	36,076	1,100,000	100.00%	77,274	2,328	2,328	Subsidiary
Taiwan Kong King Co., Limited	THT Technology Co., Ltd.	R.O.C	Machinery, equipment retailing and electronic components manufacturing etc.	50,953	50,953	5,000,000	100.00%	91,294	15,131	16,270	Subsidiary
Headway Holdings Limited	Hiking International Co. Ltd.	Hong Kong	Investment holding	Note 1	Note 1	-	-	-	-	Note 2	Second-tier Subsidiary

Note 1 : The subsidiary Hiking International Co. Ltd., was liquidated by the resolution of the board of directors on September 2024, and return all the remaining share in December 2024, and completed its dissolution process in 20 February 2026.

Note 2: Subsidiaries that are not directly invested by the company and companies evaluated using the equity method may be exempt from filling in.

Attachment 6 (Investment in Mainland China as of December 31, 2025)

Unit: Amount in thousands of NTD

Investee Company	Main Businesses and Products	Total amount of paid-in capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of 1 January 2025	Investment Flows		Accumulated outflow of investment from Taiwan as of 31 December 2025	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying amount as of 31 December 2025	Accumulated inward remittance of earnings as of 31 December 2025
					Outflow	Inflow					
The Kong King Technology (Suzhou) Co., Ltd.	Electronic materials, machinery and precision equipment retailing, information software service and international trade business	\$82,038	(Note 1.(1))	\$49,538	\$-	\$-	\$49,538	100%	(\$12,142) (Note 2.(2).b)	\$118,300	\$-

Accumulated investment in Mainland China as of 31 December 2025	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
\$49,538	\$108,264	\$659,692

Note 1 : The methods for engaging in investment in Mainland China include the following:

- (1) Remittance from third-region companies to invest in Mainland China.
- (2) Indirectly investment in Mainland China through companies registered in a third region.
- (3) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (4) Others.

Note 2 : Information of the investment income (loss) recognized in current period include the following:

- (1) Noted when investment income (loss) was not showed as the financial statement is not yet prepared.
- (2) The investment income (loss) were determined based on the following basis:
 - a. The financial report was audited by an international certified public accounting firm in cooperation with an R.O.C accounting firm.
 - b. The financial statements were audited by the auditors of the parent company.
 - c. Others.

2. Significant transactions with directly investment in Mainland China or indirectly investment in Mainland China through companies registered in a third region:

(1) The amounts and percentage of the purchase and the balance and percentage of the accounts payable:

Year	Company	Purchase Amounts	Percentage of the Company's Purchase	Balance of Accounts Payable	Percentage of the Company's Accounts Payable
2025	The Kong King Technology (Suzhou) Co., Ltd	\$744	0.07%	\$-	-

(2) The amounts and percentage of the sales and the balance and percentage of the accounts receivable:

Year	Company	Sales Amounts	Percentage of the Company's Sales	Balance of Accounts Receivable	Percentage of the Company's Accounts Receivable
2025	The Kong King Technology (Suzhou) Co., Ltd	\$13,089	0.94%	\$2,750	0.85%

(3) The amounts of property transactions and the amount of the resultant gains or losses: None.

(4) The ending balance and purpose of the endorsement, guarantee or securities: None.

(5) Maximum outstanding balance during the year, ending balance, interest rate range and interest of the financing provided: None.

(6) Other significant transactions impacted the net income or the financial performance for the year:

(a) Receipt of services:

Year	Company	Amounts of Service Costs	Percentage of the Company's Service Costs	Balance of Accounts Payable	Percentage of the Company's Accounts Payable
2025	The Kong King Technology (Suzhou) Co., Ltd	\$22,954	53.86%	\$-	-