English Translation of a Report and Financial Statements Originally Issued in Chinese

# KING YUAN ELECTRONICS CO., LTD.

## PARENT COMPANY ONLY FINANCIAL STATEMENTS
## FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
## WITH
## INDEPENDENT AUDITORS' REPORT TRANSLATED
## FROM CHINESE

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The reader is advised that these 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.

English Translation of A Report Originally Issued in Chinese

# Independent Auditors' Report

To King Yuan Electronics Co., Ltd.

## Opinion

We have audited the accompany parent company only balance sheets of King Yuan Electronics Co., Ltd. as of December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2025 and 2024, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of King Yuan Electronics Co., Ltd. as of December 31, 2025 and 2024, and its financial performance and cash flows for the years ended December 31, 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

## Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 Financial Statements section of our report. We are independent of King Yuan Electronics Co., Ltd. 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. 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 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

King Yuan Electronics Co., Ltd. recognized net sales of NT$34,932,859 thousand for the year ended December 31, 2025. Its main activities are providing testing and assembly services and rental of testing machineries that represented 96%, or NT$33,575,638 thousand in the amount, of the net operating revenue.

The primary activities of King Yuan Electronics Co., Ltd. are providing testing and assembly services, and the services comprise various wafers/integrated circuits testing and assembly processing and rental of machinery, due to the different customers' demand and nature of revenue that increase the complexity of the revenue recognition. Therefore, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal control relating to the timing of revenue recognition, analyzing the reasonableness of gross profit margin by products, performing cutoff testing for a period before and after the balance sheet date on a sampling basis, performing test of details on selected samples, reviewing the significant terms of sales agreements and examining relevant delivery documents, and reviewing the selected samples of the quantity, specification, period and relevant documents of machinery services for the rental of testing machineries.

We also considered the appropriateness of the disclosures of operating revenue. Please refer to Note 4 and Note 6 in notes to the consolidated financial statements.

**Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only 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 the 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 King Yuan Electronics Co., Ltd. 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 King Yuan Electronics Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of King Yuan Electronics Co., Ltd.

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

Our objectives are to obtain reasonable assurance about whether the parent company only 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 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 parent company only 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 King Yuan Electronics Co., Ltd.

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 King Yuan Electronics Co., Ltd. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only 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 King Yuan Electronics Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within King Yuan Electronics Co., Ltd. to express an opinion on the 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 parent company only 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.

Chiu, Wan-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan
March 6, 2026

<u>Notice to Readers</u>

- The accompanying parent company only 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 financial statements are those generally accepted and applied in the Republic of China.

- Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in 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 Financial Statements Originally Issued in Chinese

**KING YUAN ELECTRONICS CO., LTD.**

**PARENT COMPANY ONLY BALANCE SHEETS**

**As of December 31, 2025 and 2024**

(Amounts in thousands of New Taiwan Dollars)

| **ASSETS** | Notes | December 31, 2025 | % | December 31, 2024 | % |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash and cash equivalents | 4, 6(1) | $10,292,154 | 10 | $10,200,733 | 13 |
| Contract assets-current | 4, 6(14), 6(15) | 173,469 | - | 90,414 | - |
| Notes receivable, net | 6(3) | 227 | - | - | - |
| Accounts receivable, net | 4, 6(4), 6(15) | 4,665,465 | 5 | 4,050,713 | 5 |
| Accounts receivable from related parties, net | 4, 6(4), 6(15), 7 | 2,537,358 | 3 | 2,016,478 | 3 |
| Other receivables | 4, 6(15) | 701,770 | 1 | 764,217 | 1 |
| Other receivables from related parties | 4, 7 | 54,737 | - | 613,539 | 1 |
| Inventories, net | 4, 6(5) | 1,158,712 | 1 | 848,115 | 1 |
| Prepayments | 6(6) | 1,583,988 | 2 | 216,484 | - |
| Other current assets | | 23,044 | - | 228,526 | - |
| Total current assets | | 21,190,924 | 22 | 19,029,219 | 24 |
| | | | | | |
| **Non-current assets** | | | | | |
| Financial assets at fair value through other comprehensive income-non-current | 4, 6(2) | 8,281,525 | 8 | 6,369,337 | 8 |
| Investments accounted for using the equity method | 4, 6(7) | 8,132,168 | 8 | 16,280,256 | 21 |
| Property, plant and equipment | 4, 6(8), 7, 8 | 59,947,221 | 60 | 34,932,185 | 45 |
| Right-of-use asset | 4, 6(16) | 1,709,250 | 2 | 1,033,884 | 2 |
| Intangible assets | 4, 6(9) | 9,180 | - | 7,503 | - |
| Deferred tax assets | 4, 6(19), 6(20) | 139,897 | - | 164,988 | - |
| Other financial assets-non-current | 8 | 203,235 | - | 148,916 | - |
| Other non-current assets | | 68,163 | - | 29,153 | - |
| Total non-current assets | | 78,490,639 | 78 | 58,966,222 | 76 |
| | | | | | |
| **Total assets** | | $99,681,563 | 100 | $77,995,441 | 100 |

The accompanying notes are an integral part of the parent company only financial statements.

(continued)

English Translation of Financial Statements Originally Issued in Chinese

**KING YUAN ELECTRONICS CO., LTD.**

**PARENT COMPANY ONLY BALANCE SHEETS**

**As of December 31, 2025 and 2024**

(Amounts in thousands of New Taiwan Dollars)

| LIABILITIES AND EQUITY | Notes | December 31, 2025 | % | December 31, 2024 | % |
|---|---|---|---|---|---|
| **Current liabilities** | | | | | |
| Notes payable | | $6,357 | - | $8,115 | - |
| Accounts payable | | 858,836 | 1 | 918,828 | 1 |
| Accounts payable to related parties | 7 | 43,896 | - | 15,446 | - |
| Other payables | | 5,163,685 | 5 | 4,493,494 | 6 |
| Other payables to related parties | 7 | 118,135 | - | 127,150 | - |
| Payables on equipment | | 3,053,315 | 3 | 1,749,768 | 2 |
| Current tax liabilities | 4, 6(20) | 4,037,271 | 4 | 745,448 | 1 |
| Lease liabilities-current | 4, 6(16) | 347,770 | - | 141,123 | - |
| Other current liabilities | 4, 6(10) | 1,808,317 | 2 | 1,412,176 | 2 |
| Total current liabilities | | 15,437,582 | 15 | 9,611,548 | 12 |
| **Non-current liabilities** | | | | | |
| Long-term loans | 4, 6(11), 8, 9 | 30,274,865 | 31 | 20,580,713 | 26 |
| Deferred tax liabilities | 4, 6(19), 6(20) | 1,350,663 | 1 | 2,952,476 | 4 |
| Lease liabilities-non-current | 4, 6(16) | 1,414,503 | 1 | 921,167 | 1 |
| Net defined benefit liabilities | 4, 6(12) | 767,811 | 1 | 626,948 | 1 |
| Guarantee deposits | | 6,819 | - | 6,316 | - |
| Total non-current liabilities | | 33,814,661 | 34 | 25,087,620 | 32 |
| Total liabilities | | 49,252,243 | 49 | 34,699,168 | 44 |
| **Equity** | | | | | |
| Share capital | 4, 6(13) | | | | |
| Common stock | | 12,227,451 | 12 | 12,227,451 | 16 |
| Capital surplus | 4, 6(13) | 5,080,949 | 5 | 5,077,764 | 7 |
| Retained earnings | 4, 6(2), 6(13) | | | | |
| Legal reserve | | 5,543,345 | 6 | 4,763,685 | 6 |
| Special reserve | | 201,416 | - | 201,416 | - |
| Undistributed earnings | | 22,502,596 | 23 | 17,431,161 | 22 |
| Total retained earnings | | 28,247,357 | 29 | 22,396,262 | 28 |
| Other equity | 4, 6(2), 6(13) | 4,873,563 | 5 | 3,594,796 | 5 |
| Total equity | | 50,429,320 | 51 | 43,296,273 | 56 |
| **Total liabilities and equity** | | $99,681,563 | 100 | $77,995,441 | 100 |

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Financial Statements Originally Issued in Chinese

**KING YUAN ELECTRONICS CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**

**For the years ended December 31, 2025 and 2024**

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

| Description | Notes | 2025 | % | 2024 | % |
|---|---|---|---|---|---|
| **Net sales** | 4, 6(14), 6(15), 7 | $34,932,859 | 100 | $26,895,990 | 100 |
| **Operating costs** | 4, 6(5), 6(9), 6(12), 6(16), 6(17), 7 | (22,411,375) | (64) | (17,515,552) | (65) |
| **Gross profit** | | 12,521,484 | 36 | 9,380,438 | 35 |
| **Operating expenses** | 4, 6(9), 6(12), 6(16), 6(17), 7 | | | | |
| Selling expenses | | (471,303) | (1) | (429,692) | (2) |
| Administrative expenses | | (2,098,222) | (6) | (1,591,315) | (6) |
| Research and development expenses | | (930,260) | (3) | (855,470) | (3) |
| Expected credit impairment gains | | 444 | - | - | - |
| Total operating expenses | | (3,499,341) | (10) | (2,876,477) | (11) |
| **Operating income** | | 9,022,143 | 26 | 6,503,961 | 24 |
| **Non-operating income and expenses** | 4, 6(2), 6(7), 6(8), 6(18), 7 | | | | |
| Interest income | | 58,432 | - | 80,440 | - |
| Other income | | 445,435 | 1 | 238,850 | 1 |
| Other gains and losses | | 889,567 | 3 | (60,009) | - |
| Finance costs | | (183,378) | (1) | (437,810) | (2) |
| Share of profit of associates accounted for using the equity method | | 3,502,729 | 10 | 3,398,900 | 13 |
| Total non-operating income and expenses | | 4,712,785 | 13 | 3,220,371 | 12 |
| **Net income before income tax** | | 13,734,928 | 39 | 9,724,332 | 36 |
| **Income tax expense** | 4, 6(20) | (2,719,333) | (8) | (1,944,904) | (7) |
| **Net income** | | 11,015,595 | 31 | 7,779,428 | 29 |
| **Other comprehensive income** | 4, 6(12), 6(19), 6(20) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| Remeasurements of the defined benefit plan | | (279,553) | (1) | 17,172 | - |
| Unrealized gains and losses from equity instrument investments measured at fair value through other comprehensive income | | 1,963,933 | 6 | (172,344) | (1) |
| Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | | (391,580) | (1) | 34,470 | - |
| Items that will be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences resulting from translating the financial statements of foreign operations | | (337,333) | (1) | 656,425 | 2 |
| Income tax related to components of other comprehensive income that will be reclassified to profit or loss | | 71,889 | - | (131,286) | - |
| **Other comprehensive income, net of tax** | | 1,027,356 | 3 | 404,437 | 1 |
| **Total comprehensive income** | | $12,042,951 | 34 | $8,183,865 | 30 |
| **Earnings per share (NT$)** | 4, 6(21) | | | | |
| Basic Earnings Per Share | | $9.01 | | $6.36 | |
| Diluted Earnings Per Share | | $8.97 | | $6.32 | |

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Financial Statements Originally Issued in Chinese

**KING YUAN ELECTRONICS CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**

**For the years ended December 31, 2025 and 2024**

(Amounts in thousands of New Taiwan Dollars)

| Description | Common stock | Capital surplus | Retained earnings | | | Other equity | | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | | | Legal reserve | Special reserve | Undistributed earnings | Exchange differences resulting from translating the financial statements of foreign operations | Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income | |
| Balance as of January 1, 2024 | $12,227,451 | $4,955,581 | $4,177,574 | $201,416 | $14,133,456 | $(456,084) | $3,663,615 | $38,903,009 |
| Appropriation and distribution of 2023 earnings : | | | | | | | | |
| Legal reserve | - | - | 586,111 | - | (586,111) | - | - | - |
| Cash dividends | - | - | - | | (3,912,784) | - | - | (3,912,784) |
| Profit for the year ended December 31, 2024 | - | - | - | - | 7,779,428 | | | 7,779,428 |
| Other comprehensive income for the year ended December 31, 2024 | - | - | - | - | 17,172 | 525,139 | (137,874) | 404,437 |
| Total comprehensive income | - | - | - | - | 7,796,600 | 525,139 | (137,874) | 8,183,865 |
| Changes in ownership interests in subsidiaries | - | 122,183 | - | - | - | - | - | 122,183 |
| Disposal of equity instrument investments measured at fair value through other comprehensive income | - | - | - | - | - | - | - | - |
| Balance as of December 31, 2024 | $12,227,451 | $5,077,764 | $4,763,685 | $201,416 | $17,431,161 | $69,055 | $3,525,741 | $43,296,273 |
| Balance as of January 1, 2025 | $12,227,451 | $5,077,764 | $4,763,685 | $201,416 | $17,431,161 | $69,055 | $3,525,741 | $43,296,273 |
| Appropriation and distribution of 2024 earnings : | | | | | | | | |
| Legal reserve | - | - | 779,660 | - | (779,660) | - | - | - |
| Cash dividends | - | - | - | - | (4,890,980) | - | - | (4,890,980) |
| Profit for the year ended December 31, 2025 | - | - | - | - | 11,015,595 | - | - | 11,015,595 |
| Other comprehensive income for the year ended December 31, 2025 | - | - | - | - | (279,553) | (265,444) | 1,572,353 | 1,027,356 |
| Total comprehensive income | - | - | - | - | 10,736,042 | (265,444) | 1,572,353 | 12,042,951 |
| Disposal of subsidiaries | - | - | - | - | - | (22,109) | - | (22,109) |
| Changes in ownership interests in subsidiaries | - | 3,185 | - | - | - | - | - | 3,185 |
| Disposal of equity instruments investments measured at fair value through other comprehensive income | - | - | - | - | 6,033 | - | (6,033) | - |
| Balance as of December 31, 2025 | $12,227,451 | $5,080,949 | $5,543,345 | $201,416 | $22,502,596 | $(218,498) | $5,092,061 | $50,429,320 |

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Financial Statements Originally Issued in Chinese

**KING YUAN ELECTRONICS CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**

**For the years ended December 31, 2025 and 2024**

(Amounts in thousands of New Taiwan Dollars)

| Description | 2025 | 2024 |
|---|---|---|
| **Cash flows from operating activities :** | | |
| Profit before tax from continuing operations | $13,734,928 | $9,724,332 |
| Adjustments for: | | |
| The profit or loss items which did not affect cash flows: | | |
| Depreciation | 7,482,897 | 6,407,841 |
| Amortization | 5,450 | 10,561 |
| Expected credit impairment gains | (444) | - |
| Interest expenses | 183,378 | 437,810 |
| Interest income | (58,432) | (80,440) |
| Dividend income | (109,303) | (98,364) |
| Investment gain accounted for using the equity method | (3,502,729) | (3,398,900) |
| Gain on disposal of property, plant and equipment | (476,613) | (184,077) |
| Impairment of non-financial assets | 34,712 | 123,029 |
| Gain on disposal of investments | (25,895) | - |
| Unrealized foreign exchange (gains) losses | (218,561) | 217,923 |
| Changes in operating assets and liabilities： | | |
| Contract assets | (83,055) | 324,432 |
| Notes receivable | (227) | - |
| Accounts receivable | (614,752) | (738,531) |
| Accounts receivable from related parties | (520,880) | (126,060) |
| Other receivables | 59,107 | (624,958) |
| Other receivables from related parties | 558,802 | (375,966) |
| Inventories | (310,597) | 45,278 |
| Prepayments | (1,087,948) | (103,812) |
| Other current assets | 205,482 | (165,958) |
| Notes payable | (1,758) | 7,257 |
| Accounts payable | (59,992) | 426,810 |
| Accounts payable to related parties | 28,450 | 8,259 |
| Other payables | 661,525 | 1,514,423 |
| Other payables to related parties | (8,461) | 35,947 |
| Other current liabilities | 396,141 | 315,953 |
| Accrued pension liabilities | (138,690) | (956) |
| Cash generated from operating activities | 16,132,535 | 13,701,833 |
| Interest received | 65,706 | 74,446 |
| Income tax paid | (1,323,923) | (740,063) |
| Net cash provided by operating activities | 14,874,318 | 13,036,216 |

| Description | 2025 | 2024 |
|---|---|---|
| **Cash flows from investing activities :** | | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | $51,745 | $- |
| Acquisition of investments accounted for using the equity method | (2,366,016) | - |
| Proceeds from disposal of investments accounted for using the equity method | 244,673 | - |
| Acquisition of property, plant and equipment | (31,417,076) | (10,416,178) |
| Proceeds from disposal of property, plant and equipment | 470,199 | 357,822 |
| Increase in refundable deposits | (39,010) | (23,853) |
| Acquisition of intangible assets | (7,127) | (4,540) |
| Increase in other financial assets | (54,319) | (1,583) |
| Dividend received | 13,706,169 | 112,064 |
| Net cash used in investing activities | (19,410,762) | (9,976,268) |
| **Cash flows from financing activities :** | | |
| Borrowing in long-term loans | 55,386,267 | 32,072,621 |
| Repayments of long-term loans | (45,468,581) | (29,423,575) |
| Increase in deposits received | 503 | - |
| Decrease in deposits received | - | (27,736) |
| Cash payments for the principal portion of the lease liabilities | (219,658) | (22,450) |
| Cash dividends | (4,890,980) | (3,912,784) |
| Interest paid | (179,686) | (427,316) |
| Net cash used in financing activities | 4,627,865 | (1,741,240) |
| Net increase (decrease) in cash and cash equivalents | 91,421 | 1,318,708 |
| Cash and cash equivalents at the beginning of the year | 10,200,733 | 8,882,025 |
| Cash and cash equivalents at the end of the year | $10,292,154 | $10,200,733 |

The accompanying notes are an integral part of the parent company only financial statements.

(Amounts are expressed in thousands of New Taiwan dollars unless otherwise stated)

## 1. Organization and Operation

King Yuan Electronics Co., Ltd. (“the Company” or “KYEC”) was incorporated under the Company Law of the Republic of China (R.O.C) on May 28, 1987 and commenced operations on July 23, 1987. The Company primarily engages in the business of design, manufacturing, selling, testing and assembly service of integrated circuits, and also engages in manufacturing and selling of IC Monitoring Burn-In machinery and related components. On May 9, 2001, the shares of KYEC were listed on the Taiwan Stock Exchange. The Company’s registered office and the main business location is at No. 81, Sec. 2, Gongdaowu Road, Hsinchu City 300, Republic of China (R.O.C.).

## 2. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements of the Company were approved and authorized for issue by the Board of Directors on March 6, 2026.

## 3. Newly Issued or Revised Standards and Interpretations

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

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

(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 Company as at the date when the Company’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” | January 1, 2023 |
| B | Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 | January 1, 2026 |
| C | Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| D | Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7 | January 1, 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 January 1, 2026 and have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Company as at the date when the Company'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" | January 1, 2027 (Note) |
| C | Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19) | January 1, 2027 |
| D | Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29) | January 1,2027 |

Note: On September 25, 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 Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company 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 Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

## 4. Summary of Material Accounting Policies

(1) *Statement of Compliance*

The parent company only financial statements as of and for the years ended December 31, 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) *Basis of Preparation*

The Company prepares the parent company only financial statements in accordance with the Regulations. According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial statements will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements will be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity method" in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) *Foreign currency transactions*

The parent company only financial statements are presented in NT$, which is also the Company' functional currency.

Transactions in foreign currencies are initially recorded by the Company's functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated 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.

(4) *Translation of financial statements in foreign currency*

Each foreign operation of the Company determines its functional currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional 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. The following partial disposals are accounted for as disposals:

A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

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 adjustment in “investments accounted for using the equity method”. In partial disposal of an associate or jointly controlled entity 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.

(5) *Current and non-current distinction*

An asset is classified as current when:

A. the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
B. the Company holds the asset primarily for the purpose of trading;
C. the Company expects to realize the asset within twelve months after the reporting period; or
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 Company expects to settle the liability in its normal operating cycle;
B. the Company holds the liability primarily for the purpose of trading;
C. the liability is due to be settled within twelve months after the reporting period; or
D. the Company 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.

(6) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within twelve months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) *Financial instruments*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

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 a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets of financial liabilities.

A. Financial instruments: Recognition and Measurement

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

The Company classifies 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 Company’s business model for managing the financial assets and
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 and
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 Company 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 Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

*Financial assets 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 and
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 is described as below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income is 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:

    (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company 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 Company 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 Company 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 investments are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

*Financial assets measured at fair value through profit or loss*

Financial assets are classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets are 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 Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets 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 does not reduce the carrying amount in the statement of financial position.

The Company 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; and

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 Company 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 Company 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 Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company 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 Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
c. the Company 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 Company 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 to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

*Compound instruments*

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 “Financial Instruments”.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

*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 fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. Gains or losses on the subsequent measurement of liabilities held for trading including interest paid are recognized in profit or loss.

A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

*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 or payable, 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 is 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.

(8) *Derivative financial instruments*

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(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 Company.

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 market participants act 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 Company 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 weighted average method
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) *Investments accounted for using the equity method*

According to Article 21 of the Regulations, the investments in subsidiaries will be disclosed under “investments accounted for using the equity method” and changes in value will be adjusted accordingly. The profit or loss and other comprehensive income presented in the parent company only financial statements will be the same as the allocations of profit or loss and other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements will be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis. The difference of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under “investments accounted for using the equity method”, “share of profit of subsidiaries and associates accounted for using the equity method” and “share of other comprehensive income of subsidiaries and associates accounted for using the property equity method”.

The Company’s investment in its associates is accounted for using the equity method. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.
When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate issues new shares, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in capital surplus and investments accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures". If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 "Impairment of Assets". In determining the value in use of the investment, the Company estimates:

A. its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

B. the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for goodwill impairment testing in IAS 36 "Impairment of Assets".

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) *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 Company recognizes such parts as individual assets with specific useful lives and depreciation. 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 and facilities | 31-35 years |
| Plant equipment | 5-20 years |
| Machinery and equipment | 2-8 years |
| Transportation equipment | 3-6 years |
| Office equipment | 3-5 years |
| Other equipment | 3-11 years |
| Leasehold improvements | 10 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 residual values, useful lives and methods of depreciation of property, plant, and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) *Leases*

The Company assesses whether the 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 Company assesses whether the contract, throughout the period of use, has both of the following:

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

For a contract that is, or contains, a lease, the Company 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 Company 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 Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

*A. The Company as a lessee*

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

At the commencement date, the Company 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 Company 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 Company is reasonably certain to exercise that option; and
(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 Company measures the lease liability on an amortized 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 Company 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; and
(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 Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company 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 Company 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 Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of consolidated comprehensive income statement.

For short-term leases or leases of low-value assets, the Company 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.

*B. The Company as a lessor*

At inception of a contract, the Company 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 Company recognizes assets held under a finance lease in its balance sheet and presents 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 Company allocates the consideration in the contract applying IFRS 15.

The Company 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.

(14) *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.

*A. Research and development costs*

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
b. its intention to complete and its ability to use or sell the asset;
c. how the asset will generate future economic benefits;
d. the availability of resources to complete the asset; and
e. the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

*B. Computer software*

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3-5 years).

(15) *Impairment of non-financial assets*

The Company 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 Company 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 Company 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.

(16) *Treasury shares*

Acquisitions of the shares of the Company (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration, if reissues, is recognized in capital surplus under equity.

When the retirement of treasury shares, capital surplus - share premiums and share capital are debited proportionately, gains on retirement of treasury shares should be recognized under existing capital surplus arising from similar types of treasury shares; losses on retirement of treasury shares should be offset against existing capital surplus form similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(17) *Revenue recognition*

The Company's revenue arising from contracts with customers are mainly rendering of processing services and rental of testing machinery. The accounting policies are explained as follows:

*A. Rendering of services*

The Company's primary activity is to conduct testing and assembly services based on customer's specification demand. According to the customer contract, the ownership of the work in process belongs to the customer. The customer controls the work in process when the Company provides services to create or enhance it. Accordingly, the Company's performance obligation is satisfied over time and the Company, based on the consideration stated in the customer contract (less estimated volume discount), recognizes service revenue over time. The Company estimates the volume discounts using the expected value method based on historical experiences. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The credit period of the Company's service revenue is from 30 to 120 days. For most of the contracts, when the Company transfers those processed assets to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transferring those processed assets to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company transfers those processed assets to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

*B. Revenue from rental of machinery*

The Company provides rental of testing machineries based on customers' demand. According to the contract, the Company provides tailored machineries to customers for testing purposes for a certain period of time. During the contract period, those machineries are for the contracted customers' use only, and will not be mixed with other testing machineries. Meanwhile, during the contract period, those machineries are still under control of the Company, the customer does not have the right to control over or to direct the right of use of the rented machineries. Usually, the unit rental price is fixed and is stated in the contract. Accordingly, the Company's performance obligation is satisfied over time and the Company recognizes revenue from rental of the machinery by rental hours or testing volume multiplied by the fixed unit price, or over the rental period on a straight line basis.

The credit period of the Company's service revenue is from 30 to 120 days. For most of the contracts, the Company recognizes trade receivables upon the completion of rental period. These trade receivables usually have short period and no significant financial component is arisen.

For some machinery rental contracts, prepayments are received from customers upon signing the contract, the Company then has the obligation to provide the services subsequently. Accordingly, these amounts are recognized as contract liabilities.

*C. Sales of machinery*

The Company manufactures and sells professional testing machinery. Those machineries must be tested for specifications according to the contract signed by both parties before being delivered to customers. The Company performs the specification test in accordance with the contract and issues a machinery inspection report to the customer. After the customer’s confirmation that the operating data and function of the machineries have met the specification stated in the inspection report, the machinery can be delivered to the customer’s designated location stated in the contract and the control of the machinery can be transferred. At this time, the customer has the right to determine the sales channels and price of those testing machineries, and has the ability to prevent other companies from directing the use and obtaining the benefits of these products; therefore, the Company recognizes the revenue generated from the sales of machineries.

Considering the fact that assisting customers for the machinery installation and providing safety guidance are not significant, the Company issues an invoice with total consideration to the customer and recognizes the amount as trade receivables upon the delivery of the machinery. In addition, the period between the sales of machinery and the actual receipt of the payment is within one year, therefore, there is no significant financing component. The Company provides its customer with a warranty for refund for defectives products. Such warranty is accounted for in accordance with IAS 37 as liability provision.

(18) *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period when they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) *Post-employment benefits*

All regular employees of the Company 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. Therefore, fund assets are not included in the Company’s parent company only financial statements.

For the defined contribution plan, the Company 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.

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 Company recognizes restructuring-related costs or termination benefits.

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.

(20) *Share-based payment transactions*

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognizes unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(21) *Income taxes*

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

A. 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 unappropriated earnings is recognized as income tax expense in the subsequent year when distribution proposal is approved by the shareholders' meeting.

B. Deferred income tax

Deferred income 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 at the reporting date.

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

a. where the deferred income tax liability arises from the initial recognition of goodwill 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 ventures, 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 income 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, the carry forward of unused tax credits and unused tax losses can be utilized, except:

a. where the deferred income 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 ventures, deferred income 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 income 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 income tax assets and deferred income tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred income tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred income tax assets and deferred income 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 income taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12), information about deferred income tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

## 5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company’s parent company only 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 assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

*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:

Revenue recognition - sales returns and discounts

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6(10) for more details.

## 6. Contents of Significant Accounts

(1) Cash and cash equivalents

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Checking and savings accounts | $10,292,154 | $8,600,733 |
| Time deposits | - | 1,600,000 |
| Total | $10,292,154 | $10,200,733 |

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

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Equity instrument investments measured at fair value through other comprehensive income- non-current | | |
| Listed company's stocks | $71,476 | $39,369 |
| Unlisted company's stocks | 8,210,049 | 6,329,968 |
| Total | $8,281,525 | $6,369,337 |

The Company has equity instrument investments measured at fair value through other comprehensive income, for which dividend income recognized are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Dividend income related to investments held on the balance sheet date | $109,303 | $98,364 |

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

(3) Notes receivable

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Notes receivable from operating activities | $227 | $- |
| Less: loss allowance | - | - |
| Total | $227 | $- |

Notes receivable were not pledged.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6(15) for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

(4) Trade receivables and trade receivables from related parties

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Trade receivables | $4,678,572 | $4,063,820 |
| Less: loss allowance | (13,107) | (13,107) |
| Subtotal | 4,665,465 | 4,050,713 |
| Trade receivables from related parties | 2,537,358 | 2,016,478 |
| Less: loss allowance | - | - |
| Subtotal | 2,537,358 | 2,016,478 |
| Total | $7,202,823 | $6,067,191 |

No trade receivables were pledged.

The receivables are generally on 30 to 120 days terms. Please refer to Note 6(15) for more details on loss allowance of trade receivables for the years ended December 31, 2025 and 2024. Please refer to Note 12 for more details on credit risk.

(5) Inventories

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Raw materials | $896,278 | $559,046 |
| Work in progress | 262,434 | 289,069 |
| Finished goods | - | - |
| Total | $1,158,712 | $848,115 |

The cost of inventories recognized in operating costs for the year ended December 31, 2025 amounted to NT$22,411,375 thousand, including the gain of write-down of inventories of NT$30,705 thousand, and scrap loss of NT$36,805 thousand, respectively. The reversal is due to the fact that previous write-down of inventories had been scrapped.

The cost of inventories recognized in operating costs for the year ended December 31, 2024 amounted to NT$17,515,552 thousand, including the write-down of inventories of NT$30,642 thousand, and scrap loss of NT$5,538 thousand, respectively.

No inventories were pledged.

(6) Prepayments

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Prepaid equipment | $325,944 | $46,388 |
| Prepaid expenses | 59,107 | 55,556 |
| Input tax | 1,198,937 | 114,540 |
| Total | $1,583,988 | $216,484 |

(7) Investments accounted for using the equity method

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| Investees | Carrying amount | Percentage of ownership | Carrying amount | Percentage of ownership |
| Subsidiaries: | | | | |
| KYEC USA Corp. | $17,657 | 100.00% | $16,529 | 100.00% |
| KYEC Investment International Co., Ltd. | 5,468,504 | 100.00% | 15,260,076 | 100.00% |
| KYEC Technology Management Co., Ltd. | - | - | 971,202 | 100.00% |
| KYEC Japan K.K. | 74,450 | 89.83% | 74,264 | 89.83% |
| KYEC SINGAPORE PTE. LTD. | 2,436,625 | 100.00% | 13,525 | 100.00% |
| Subtotal | 7,997,236 | | 16,335,596 | |
| Investments in associates: | | | | |
| Fixwell Technology Corp. | 94,254 | 23.33% | 65,389 | 23.33% |
| Wei Jiu Industrial Co., Ltd. | 40,678 | 34.00% | 34,338 | 34.00% |
| Subtotal | 134,932 | | 99,727 | |
| Less: deferred credits | - | | (155,067) | |
| Total | $8,132,168 | | $16,280,256 | |

A. Investments in subsidiaries

Investments in subsidiaries are recorded as "Investments accounted for using the equity method" in the Company's parent company only financial statements with necessary valuation adjustments.

The Company indirectly invested in King Long Technology (Suzhou) Ltd. via KYEC Investment International Co., Ltd. and KYEC Technology Management Co., Ltd. During the year 2022 and 2021, the Company's ownership in King Long Technology (Suzhou) Ltd. changed due to the exercise of employee stock options and new shares issued. The changes were recorded as an increase in capital surplus.

On February 19, 2025, the Board of Directors of KYEC Technology Management Co., Ltd. resolved to discontinue operations. On September 8, 2025, the related deregistration procedure of was approved by the government authority.

No investments were pledged.

B. Investments in associates

The Company's investments in Fixwell Technology Corp. and Wei Jiu Industrial Co., Ltd. are not individually material. The summarized financial information of the Company's ownership in those associates is as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Net income | $42,645 | $19,445 |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive income | $42,645 | $19,445 |

The investments mentioned above were not pledged.

(8) Property, plant and equipment

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Owner occupied property, plant and equipment | $59,673,251 | $34,816,320 |
| Property, plant and equipment leased out under operating leases | 273,970 | 115,865 |
| Total | $59,947,221 | $34,932,185 |

A. Owner occupied property, plant and equipment

| | Land | Buildings and facilities | Plant equipment | Machinery and equipment | Office equipment | Transportation equipment | Other equipment | Leasehold improvements | Construction in progress and equipment awaiting examination | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | | | |
| As of January 1, 2025 | $2,005,519 | $5,242,941 | $13,156,482 | $86,190,119 | $800,981 | $66,390 | $5,807,327 | $4,425 | $1,712,746 | $114,986,930 |
| Additions | - | - | 589,578 | 23,290,627 | 89,003 | 15,257 | 2,133,878 | 72,435 | 6,418,432 | 32,609,210 |
| Disposals | - | - | (10,638) | (5,016,503) | (27,433) | (8,686) | (47,861) | - | - | (5,111,121) |
| Transfers | - | (3,371) | 373,357 | 55,028 | - | - | 107,666 | 13,287 | (1,112,083) | (566,116) |
| As of December 31, 2025 | $2,005,519 | $5,239,570 | $14,108,779 | $104,519,271 | $862,551 | $72,961 | $8,001,010 | $90,147 | $7,019,095 | $141,918,903 |
| | | | | | | | | | | |
| As of January 1, 2024 | $1,660,896 | $5,264,304 | $11,002,238 | $83,172,235 | $803,780 | $64,631 | $4,977,132 | $4,425 | $1,597,012 | $108,546,653 |
| Additions | 344,623 | - | 900,334 | 7,747,788 | 117,360 | 4,261 | 804,429 | - | 1,512,276 | 11,431,071 |
| Disposals | - | - | (23,164) | (4,783,735) | (133,879) | (2,502) | (77,416) | - | - | (5,020,696) |
| Transfers | - | (21,363) | 1,277,074 | 53,831 | 13,720 | - | 103,182 | - | (1,396,542) | 29,902 |
| As of December 31, 2024 | $2,005,519 | $5,242,941 | $13,156,482 | $86,190,119 | $800,981 | $66,390 | $5,807,327 | $4,425 | $1,712,746 | $114,986,930 |

| | Land | Buildings and facilities | Plant equipment | Machinery and equipment | Office equipment | Transportation equipment | Other equipment | Leasehold improvements | Construction in progress and equipment awaiting examination | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Accumulated depreciations and impairment: | | | | | | | | | | |
| As of January 1, 2025 | $- | $2,009,418 | $7,924,881 | $65,598,049 | $554,462 | $47,503 | $4,032,020 | $4,277 | $- | $80,170,610 |
| Depreciation | - | 165,319 | 684,945 | 5,836,481 | 74,707 | 6,147 | 433,001 | 3,659 | - | 7,204,259 |
| Disposals | - | - | (10,638) | (4,864,605) | (27,433) | (8,686) | (47,617) | - | - | (4,958,979) |
| Transfers | - | (3,027) | - | (201,923) | - | - | - | - | - | (204,950) |
| Impairment | - | - | - | 34,712 | - | - | - | - | - | 34,712 |
| As of December 31, 2025 | $- | $2,171,710 | $8,599,188 | $66,402,714 | $601,736 | $44,964 | $4,417,404 | $7,936 | $- | $82,245,652 |
| | | | | | | | | | | |
| As of January 1, 2024 | $- | $1,859,999 | $7,348,786 | $64,782,980 | $631,267 | $44,289 | $3,776,680 | $3,835 | $- | $78,447,836 |
| Depreciation | - | 165,732 | 599,259 | 5,175,639 | 57,074 | 5,716 | 332,756 | 442 | - | 6,336,618 |
| Disposals | - | - | (23,164) | (4,520,330) | (133,879) | (2,502) | (77,416) | - | - | (4,757,291) |
| Transfers | - | (16,313) | - | 36,731 | - | - | - | - | - | 20,418 |
| Impairment | - | - | - | 123,029 | - | - | - | - | - | 123,029 |
| As of December 31, 2024 | $- | $2,009,418 | $7,924,881 | $65,598,049 | $554,462 | $47,503 | $4,032,020 | $4,277 | $- | $80,170,610 |
| | | | | | | | | | | |
| Net carrying amount as of: | | | | | | | | | | |
| December 31, 2025 | $2,005,519 | $3,067,860 | $5,509,591 | $38,116,557 | $260,815 | $27,997 | $3,583,606 | $82,211 | $7,019,095 | $59,673,251 |
| December 31, 2024 | $2,005,519 | $3,233,523 | $5,231,601 | $20,592,070 | $246,519 | $18,887 | $1,775,307 | $148 | $1,712,746 | $34,816,320 |

B. Property, plant and equipment leased out under operating leases

| | Buildings and facilities | Machinery and equipment | Total |
|---|---|---|---|
| Cost: | | | |
| As of January 1, 2025 | $289,488 | $311,196 | $600,684 |
| Additions | - | 110,859 | 110,859 |
| Disposals | - | - | - |
| Transfers | 3,371 | 283,188 | 286,559 |
| As of December 31, 2025 | $292,859 | $705,243 | $998,102 |
| | | | |
| As of January 1, 2024 | $268,125 | $356,012 | $624,137 |
| Additions | - | 9,015 | 9,015 |
| Disposals | - | - | - |
| Transfers | 21,363 | (53,831) | (32,468) |
| As of December 31, 2024 | $289,488 | $311,196 | $600,684 |
| | | | |
| Accumulated depreciation and impairment: | | | |
| As of January 1, 2025 | $219,775 | $265,044 | $484,819 |
| Depreciation | 9,579 | 24,784 | 34,363 |
| Disposals | - | - | - |
| Transfers | 3,027 | 201,923 | 204,950 |
| As of December 31, 2025 | $232,381 | $491,751 | $724,132 |
| | | | |
| As of January 1, 2024 | $194,296 | $274,839 | $469,135 |
| Depreciation | 9,166 | 26,936 | 36,102 |
| Disposals | - | - | - |
| Transfers | 16,313 | (36,731) | (20,418) |
| As of December 31, 2024 | $219,775 | $265,044 | $484,819 |
| | | | |
| Net carrying amounts as of: | | | |
| December 31, 2025 | $60,478 | $213,492 | $273,970 |
| December 31, 2024 | $69,713 | $46,152 | $115,865 |

C. Capitalized borrowing costs and the capitalization rates for property, plant and equipment are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Construction in progress and equipment awaiting examination | $353,274 | $104,553 |
| Capitalization rate of borrowing costs | 2.25%-3.53% | 2.89%-3.45% |

D. The investing activities partially influenced the cash flow are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Acquisition of property, plant and equipment | $32,720,069 | $11,440,086 |
| Net increase in payables to equipment suppliers | (1,303,547) | (1,237,660) |
| Net decrease in other payables - related parties | 554 | 213,752 |
| Total | $31,417,076 | $10,416,178 |

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Disposal of property, plant and equipment | $473,689 | $477,225 |
| Net increase in other receivables - related parties | (3,490) | (119,403) |
| Total | $470,199 | $357,822 |

E. As of December 31, 2025 and 2024, the Company recognized an impairment loss of NT$34,712 thousand and NT 123,029, respectively, for certain machinery and equipment which were either damaged or idle and could no longer be used.

F. Please refer to Note 8 for property, plant and equipment under pledges.

(9) Intangible assets

| | Software |
|---|---|
| Cost: | |
| As of January 1, 2025 | $33,084 |
| Additions | 7,127 |
| Disposals | (23,569) |
| As of December 31, 2025 | $16,642 |
| | |
| As of January 1, 2024 | $51,507 |
| Additions | 4,540 |
| Disposals | (24,755) |
| Transfers | 1,792 |
| As of December 31, 2024 | $33,084 |
| | |
| Amortization and impairment: | |
| As of January 1, 2025 | $25,581 |
| Amortization | 5,450 |
| Disposals | (23,569) |
| As of December 31, 2025 | $7,462 |
| | |
| As of January 1, 2024 | $39,775 |
| Amortization | 10,561 |
| Disposals | (24,755) |
| As of December 31, 2024 | $25,581 |
| | |
| Net carrying amount as of: | |
| December 31, 2025 | $9,180 |
| December 31, 2024 | $7,503 |

Amortization expenses of intangible assets recognized are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Operating costs | $375 | $6,765 |
| Selling and administrative expenses | 5,075 | 3,796 |
| Research and development expenses | - | - |
| Total | $5,450 | $10,561 |

(10) Other current liabilities

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Refund liabilities | $236,418 | $278,768 |
| Receipts on behalf of others | 1,515,052 | 1,131,287 |
| Others | 56,847 | 2,121 |
| Total | $1,808,317 | $1,412,176 |

(11) Long-term borrowings

As of December 31, 2025

| Lenders | Nature | Maturity Date | Balance | Terms of repayment |
|---|---|---|---|---|
| HSBC Taiwan Bank | Unsecured bank loans | 2028.09.30 | $2,002,880 | Revolving Credit |
| Cathay United Bank | Unsecured bank loans | 2028.09.24 | 2,274,330 | Revolving Credit |
| Bank of China | Unsecured bank loans | 2027.10.07 | 1,000,000 | Revolving Credit |
| Bank of Communications | Unsecured bank loans | 2028.05.14 | 300,000 | Revolving Credit |
| Land Bank of Taiwan | Unsecured bank loans | 2027.03.04 | 900,000 | Revolving Credit |
| DBS Bank (Taiwan) | Unsecured bank loans | 2027.06.02 | 600,000 | Revolving Credit |
| First Bank | Unsecured bank loans | 2029.08.23 | 2,000,000 | Revolving Credit |

| Lenders | Nature | Maturity Date | Balance | Terms of repayment |
|---|---|---|---|---|
| Shanghai Commercial Bank | Unsecured bank loans | 2027.03.10 | 471,450 | Revolving Credit |
| Shanghai Commercial Bank | Unsecured bank loans | 2028.12.03 | 754,549 | 50% of principal will be repaid on June 03, 2028. The remaining principal will be repaid on maturity day. |
| Mega Bank | Unsecured bank loans | 2027.12.28 | 125,720 | Revolving Credit |
| Mega Bank | Unsecured bank loans | 2028.03.15 | 1,500,000 | Repay at maturity |
| Mega Bank | Unsecured bank loans | 2031.11.07 | 951,127 | 50% of principal will be repaid on May 07, 2029. The remaining principal will be repaid on maturity day. |
| Yuanta Commercial Bank | Unsecured bank loans | 2027.08.20 | 1,000,000 | Revolving Credit |
| Yuanta Commercial Bank | Unsecured bank loans | 2028.03.02 | 1,400,000 | Revolving Credit |
| Yuanta Commercial Bank | Unsecured bank loans | 2027.10.11 | 940,027 | 50% of principal will be repaid on April 11, 2027. The remaining principal will be repaid on maturity day. |
| Yuanta Commercial Bank | Unsecured bank loans | 2028.08.30 | 773,787 | 50% of principal will be repaid on February 29, 2028. The remaining principal will be repaid on maturity day. |
| Yuanta Commercial Bank | Unsecured bank loans | 2029.03.28 | 267,170 | 50% of principal will be repaid on September 28, 2028. The remaining principal will be repaid on maturity day. |
| Taipei Fubon Commercial Bank | Unsecured bank loans | 2029.10.31 | 400,000 | Repayable in 25 monthly instalments from November 1, 2027. |
| Bank of Taiwan and 14 others (Note A) | Mortgage bank loans | 2029.05.06 | 2,400,000 | 25% of principal will be repaid on November 6, 2027. The remaining principal will be repaid on maturity day. |

| Lenders | Nature | Maturity Date | Balance | Terms of repayment |
|---|---|---|---|---|
| Bank of Taiwan and 14 others (Note A, B) | Commercial paper loans | 2029.05.06 | 9,600,000 | Revolving credit. Renewable every three months. Credit has not been fully utilized. |
| First Bank and 17 others (Note A) | Mortgage bank loans | 2030.07.09 | 50,000 | 25% of principal will be repaid on January 9, 2029. The remaining principal will be repaid on maturity day. |
| First Bank and 17 others (Note A, B) | Commercial paper loans | 2030.07.09 | 600,000 | Revolving credit. Renewable every month. Credit has not been fully utilized. |
| Subtotal | | | 30,311,040 | |
| Less: current portion | | | - | |
| Less: arrangement fee | | | (20,640) | |
| Less: unamortized discount | | | (15,535) | |
| Total | | | $30,274,865 | |
| Interest Rates | | | 1.50%-4.46% | |

As of December 31, 2024

| Lenders | Nature | Maturity Date | Balance | Terms of repayment |
|---|---|---|---|---|
| Shanghai Commercial Bank | Unsecured bank loans | 2027.03.10 | $1,049,120 | Revolving Credit |
| Bank of China | Unsecured bank loans | 2026.10.07 | 885,195 | Revolving Credit |
| Cathay United Bank | Unsecured bank loans | 2027.09.24 | 991,775 | Revolving Credit |
| HSBC Taiwan Bank | Unsecured bank loans | 2027.09.30 | 917,980 | Revolving Credit |
| Mizuho Bank | Unsecured bank loans | 2026.01.01 | 900,000 | Revolving Credit |
| Land Bank of Taiwan | Unsecured bank loans | 2026.01.25 | 98,355 | Revolving Credit |
| CTBC Bank | Unsecured bank loans | 2026.08.31 | 1,900,000 | Revolving Credit |
| Taipei Fubon Commercial Bank | Unsecured bank loans | 2027.10.25 | 1,000,000 | Revolving Credit |

| Lenders | Nature | Maturity Date | Balance | Terms of repayment |
|---|---|---|---|---|
| Bank of Communications | Unsecured bank loans | 2026.05.08 | 300,000 | Revolving Credit |
| Mega Bank | Unsecured bank loans | 2026.12.28 | 163,925 | Revolving Credit |
| Mega Bank | Unsecured bank loans | 2028.03.15 | 1,400,000 | Repay at maturity |
| Far Eastern Bank | Unsecured bank loans | 2027.06.20 | 1,200,000 | Repay at maturity |
| Yuanta Commercial Bank | Unsecured bank loans | 2027.08.20 | 1,000,000 | Revolving Credit |
| Yuanta Commercial Bank | Unsecured bank loans | 2027.10.11 | 980,553 | 50% of principal will be repaid on April 11, 2027. The remaining principal will be repaid on maturity day. |
| Yuanta Commercial Bank | Unsecured bank loans | 2028.08.30 | 807,147 | 50% of principal will be repaid on February 29, 2028. The remaining principal will be repaid on maturity day. |
| First Bank | Unsecured bank loans | 2029.08.09 | 1,000,000 | Repayable in 5 semi-annual instalments from February 9, 2027 after the grace period of 2.5 years. |
| Taipei Fubon Commercial Bank | Unsecured bank loans | 2029.10.31 | 400,000 | Repayable in 25 monthly instalments from November 1, 2027. |
| Cathay United Bank | Unsecured bank loans | 2027.09.24 | 351,065 | 50% of principal will be repaid on March 24, 2027. The remaining principal will be repaid on maturity day. |
| Bank of Taiwan and 15 others (Note A) | Mortgage bank loans | 2028.04.06 | 200,000 | 25% of principal will be repaid on October 6, 2026. The remaining principal will be repaid on maturity day. |
| Bank of Taiwan and 15 others (Note A, B) | Commercial paper loans | 2028.04.06 | 5,000,000 | Revolving credit. Renewable every three months. Credit has not been fully utilized. |

| Lenders | Nature | Maturity Date | Balance | Terms of repayment |
|---|---|---|---|---|
| Bank of Taiwan and 14 others (Note A) | Mortgage bank loans | 2029.05.06 | 50,000 | 25% of principal will be repaid on November 6, 2027. The remaining principal will be repaid on maturity day. |
| Subtotal | | | 20,595,115 | |
| Less: current portion | | | - | |
| Less: arrangement fee | | | (9,600) | |
| Less: unamortized discount | | | (4,802) | |
| Total | | | $20,580,713 | |
| Interest Rates | | | 1.50%-5.61% | |

Note A: Certain property, plant and equipment were pledged. Please refer to Note 8 for more details.

Note B: The Company's borrowing is treated in accordance with the transitional provisions outlined in the Q&A of the Accounting Research and Development Foundation's "Classification of Liabilities from Funds Raised through the Revolving Issuance of Commercial Paper" issued by the Financial Supervisory Commission.

Please refer to Note 9 for the financial covenants during the loan period.

The Company's unused short-term lines of credits amounted to NT$17,576,122 thousand and NT$5,936,694 thousand as of December 31, 2025 and 2024, respectively.

(12) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. The Company has made monthly contribution of 6% of each individual employee's salaries or wages to employee's pension accounts.

Pension benefits for employees of the Company are contributed in accordance with the local regulations.

Pension expenses under the defined contribution plan for the years ended December 31, 2025 and 2024 were NT$217,232 thousand and NT$197,065 thousand, respectively.

Defined benefit plan

The Company 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 Company 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 Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up 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 mandation, 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 statements 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 Company 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. As of December 31, 2025, the Company expects to contribute NT$19,880 thousand to its defined benefit plan during 2026.

The maturities of the defined benefits plan as of December 31, 2025 and 2024 are both in 2046.

Pension costs recognized in profit or loss for the years ended December 31, 2025 and 2024 are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Current period service costs | $25,813 | $19,052 |
| Net intereset on the net defined benefit liabilities (assets) | 10,470 | 8,579 |
| Overestimate (underestimate) | - | (9) |
| Total | $36,283 | $27,622 |

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

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Defined benefit obligation | $1,309,123 | $982,381 |
| Plan assets at fair value | (541,312) | (355,433) |
| Overestimate (underestimate) | - | - |
| Other non-current liabilities - accrued pension liabilities recognized on the balance sheets | $767,811 | $626,948 |

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

| | Defined benefit obligation | Fair value of plan assets | Benefit (asset) liability |
|---|---|---|---|
| As of January 1, 2024 | $960,613 | $(315,547) | $645,066 |
| Current period service costs | 19,052 | - | 19,052 |
| Net interest (income) expense | 12,776 | (4,197) | 8,579 |
| Subtotal | 992,441 | (319,744) | 672,697 |
| Remeasurements of the net defined benefit (asset) liability: | | | |
| Actuarial gains and losses arising from changes in demographic assumptions | 401 | - | 401 |
| Actuarial gains and losses arising from changes in financial assumptions | (55,062) | - | (55,062) |
| Experience adjustments | 64,706 | - | 64,706 |
| Remeasurements of the defined benefit asset | - | (27,217) | (27,217) |
| Subtotal | 10,045 | (27,217) | (17,172) |

| | Defined benefit obligation | Fair value of plan assets | Benefit (asset) liability |
|---|---|---|---|
| Payments from the plan assets | (20,105) | 20,105 | - |
| Contributions by employer | - | (28,577) | (28,577) |
| As of December 31, 2024 | 982,381 | (355,433) | 626,948 |
| Current period service costs | 25,813 | - | 25,813 |
| Net interest (income) expense | 16,406 | (5,936) | 10,470 |
| Subtotal | 1,024,600 | (361,369) | 663,231 |
| Remeasurements of the net defined benefit (asset) liability: | | | |
| Actuarial gains and losses arising from changes in demographic assumptions | - | - | - |
| Actuarial gains and losses arising from changes in financial assumptions | 45,104 | - | 45,104 |
| Experience adjustments | 258,585 | - | 258,585 |
| Remeasurements of the defined benefit asset | - | (24,136) | (24,136) |
| Subtotal | 303,689 | (24,136) | 279,553 |
| Payments from the plan assets | (19,166) | 19,166 | - |
| Contributions by employer | - | (174,973) | (174,973) |
| As of December 31, 2025 | $1,309,123 | $(541,312) | $767,811 |

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

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Discount rate | 1.47% | 1.67% |
| Expected rate of salary increases | 3.00% | 3.00% |

A sensitivity analysis for significant assumption as of December 31, 2025 and 2024 is as follows:

| | Effect on the defined benefit obligation | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Increase in defined benefit obligation | Decrease in defined benefit obligation | Increase in defined benefit obligation | Decrease in defined benefit obligation |
| Discount rate increase by 0.5% | $- | $(109,092) | $- | $(74,448) |
| Discount rate decrease by 0.5% | 122,102 | - | 82,402 | - |
| Future salary increase by 0.5% | 119,571 | - | 80,870 | - |
| Future salary decrease by 0.5% | - | (108,055) | - | (73,875) |

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses 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 analysis compared to the previous period.

(13) Equity

A. Share capital

As of December 31, 2025 and 2024, the Company’s authorized share capital was both NT$15,000,000 thousand; issued share capital was both NT$12,227,451 thousand (1,222,745 thousand shares), with par value of NT$10 per share. Each share has one voting right and a right to receive dividends.

B. Capital surplus

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Additional paid-in capital | $561,119 | $557,934 |
| Arising from conversion of bonds | 3,588,848 | 3,588,848 |
| Treasury share transactions | 390,101 | 390,101 |
| Arising from the exercise of employee restricted shares | 30,755 | 30,755 |
| Changes in ownership interests in subsidiaries | 510,126 | 510,126 |
| Total | $5,080,949 | $5,077,764 |

According to the Company Act, the capital surplus shall not be used except for offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital and donations. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, net profits for each fiscal year, if any, shall be distributed in following order:

a. reserve for tax payments;
b. offset prior year's 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; and
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. As the Company currently is still in the growth stage, funding may be required in the near future for expansion. Therefore, the current policy is to distribute cash dividends at no less than 20% of total dividends to be distributed.

According to the Company Act, the Company 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 offset the deficit of the Company. When the Company 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.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

Following the adoption of IFRSs, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded in shareholders' equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity" for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, 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.

As of December 31, 2025 and 2024, special reserve set aside for the first-time adoption of TIFRS amounted to NT$201,416 thousand.

The appropriations for earnings for 2024 were resolved by the shareholders' meeting on May 27, 2025, while the proposed appropriation of earnings for 2025 were approved by Board of Directors on March 6, 2026. The appropriations and dividends per share were as follows:

| | Appropriation of earnings | | Dividend per share (NT$) | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Legal reserve | $1,092,180 | $779,660 | | |
| Cash dividends-common stock | 1,222,745 | 4,890,980 | $1.00 | $4.00 |
| Stock dividends of ordinary share | 611,373 | - | $0.50 | |

Please refer to Note 6(17) for information regarding the employees' compensations (bonuses) and remunerations to directors.

(14) Operating revenue

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

A. Disaggregation of revenue

| Nature of revenue | Timing of revenue recognition | For the years ended December 31, 2025 | 2024 |
|---|---|---|---|
| Rendering of services | Over time | $31,258,002 | $22,647,730 |
| Revenue from rental of machinery | Over time | 2,317,636 | 2,655,045 |
| Rental income from property | On a straight-line basis or on a systematic basis (Note) | 78,891 | 83,436 |
| Other operating revenue | At a point in time | 1,278,330 | 1,509,779 |
| Total | | $34,932,859 | $26,895,990 |

Note: Please refer to Note 6(16) for information regarding leases.

B. Contract balances

Contract assets - current

| Nature of revenue | December 31, 2025 | December 31, 2024 | January 1, 2024 |
|---|---|---|---|
| Rendering of services | $173,469 | $90,414 | $414,846 |

Please refer to Note 6(15) for more details on effect of impairment. Relevant information of revenue from contracts with customers for the years ended December 31, 2025 and 2024 are as follows:

| | For the years ended December 31, 2025 | 2024 |
|---|---|---|
| The opening balance transferred to trade receivables | $90,414 | $414,846 |
| Changes in completion measurement | $173,469 | $90,414 |

(15) Expected credit losses

Operating expenses - expected credit (gains) losses

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Continued operations: | | |
| Contract assets | $- | $- |
| Notes receivable | - | - |
| Trade receivables | - | - |
| Other receivables | (444) | - |
| Subtotal | (444) | - |
| Discontinued operations: | | |
| Trade receivables | - | 173 |
| Total | $(444) | $173 |

The Company measures the loss allowance of its contract assets and receivables (including notes receivable and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2025 and 2024 are as follows:

A. The gross carrying amount of contract assets is NT$173,469 thousand and NT$90,414 thousand, respectively. Expected credit loss ratio is estimated to be 0%.

B. The Company considers the grouping of trade receivables by counterparties' credit ratings, geographical regions and industry sectors. Loss allowance is measured by using a provision matrix. Details are as follows:

As of December 31, 2025

| Group 1 | Not yet due (Note) | Overdue 1-90 days | Overdue 91-180 days | Overdue 181-365 days | Overdue >366 days | Total |
|---|---|---|---|---|---|---|
| Gross carrying amount | $7,203,286 | $10,466 | $1,122 | $1,241 | $42 | $7,216,157 |
| Loss ratio | -% | -% | 1% | 2% | 5% | |
| Lifetime expected credit losses | (13,069) | - | (11) | (25) | (2) | (13,107) |
| Subtotal | 7,190,217 | 10,466 | 1,111 | 1,216 | 40 | 7,203,050 |

| Group 2 | Not yet due (Note) | Overdue 1-90 days | 91-180 days | 181-365 days | >366 days | Total |
|---|---|---|---|---|---|---|
| Gross carrying amount | $- | $- | $- | $- | $- | $- |
| Loss ratio | 100% | 100% | 100% | 100% | 100% | |
| Lifetime expected credit losses | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - |
| Total | | | | | | $7,203,050 |

As of December 31, 2024

| Group 1 | Not yet due (Note) | Overdue 1-90 days | 91-180 days | 181-365 days | >366 days | Total |
|---|---|---|---|---|---|---|
| Gross carrying amount | $5,976,886 | $58,529 | $43,059 | $- | $- | $6,078,474 |
| Loss ratio | -% | -% | 1% | 2% | 5% | |
| Lifetime expected credit losses | (10,852) | - | (431) | - | - | (11,283) |
| Subtotal | 5,966,034 | 58,529 | 42,628 | - | - | 6,067,191 |

| Group 2 | Not yet due (Note) | Overdue 1-90 days | 91-180 days | 181-365 days | >366 days | Total |
|---|---|---|---|---|---|---|
| Gross carrying amount | $985 | $- | $- | $- | $839 | $1,824 |
| Loss ratio | 100% | 100% | 100% | 100% | 100% | |
| Lifetime expected credit losses | (985) | - | - | - | (839) | (1,824) |
| Subtotal | - | - | - | - | - | - |
| Total | | | | | | $6,067,191 |

Note: The Company’s notes receivable are not overdue.

The movement in the provision for impairment of contract assets, notes receivable, and trade receivables for the years ended December 31, 2025 and 2024 is as follows:

| | Contract assets | Notes receivable | Trade receivables | Other receivables |
|---|---|---|---|---|
| Beginning balance as of January 1, 2025 | $- | $- | $13,107 | $444 |
| Reversal for the current period | - | - | - | (444) |
| Write off | - | - | - | - |
| Ending balance as of December 31, 2025 | $- | $- | $13,107 | $- |
| | | | | |
| Beginning balance as of January 1, 2024 | $- | $- | $13,107 | $444 |
| Addition for the current period | - | - | - | - |
| Write off | - | - | - | - |
| Ending balance as of December 31, 2024 | $- | $- | $13,107 | $444 |

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

(16) Leases

A. The Company as a lessee

The Company leases land and buildings with lease terms ranging from 1 to 20 years. At the end of the lease terms, the Company has the right of first refusal to purchase the leasehold buildings.

The Company leases transportation equipment for operational use with lease terms of 1 years. The Company has purchase options to acquire leasehold transportation equipment at the end of the lease terms.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follows:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Land | $392,832 | $411,613 |
| Buildings | 1,312,100 | 616,237 |
| Transportation equipment | 4,318 | 6,034 |
| Total | $1,709,250 | $1,033,884 |

During the years ended December 31, 2025 and 2024, the Company's acquisition of right-of-use assets amounted to NT$910,314 thousand and NT$625,929 thousand, respectively.

(b) Lease liabilities

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Lease liabilities- current | $347,770 | $141,123 |
| Lease liabilities- non-current | 1,414,503 | 921,167 |
| Total | $1,762,273 | $1,062,290 |

Please refer to Note 6(18) C. for the interest on lease liabilities recognized during the years ended December 31, 2025 and 2024, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2025 and 2024.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Land | $18,781 | $19,009 |
| Buildings | 222,472 | 13,569 |
| Transportation equipment | 3,022 | 2,543 |
| Total | $244,275 | $35,121 |

c. Income and costs relating to leasing activities

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| The expenses relating to short-term leases | $432,866 | $146,911 |
| The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets) | 620 | 625 |
| Total | $433,486 | $147,536 |

d. Cash outflows relating to leasing activities

During the years ended December 31, 2025 and 2024, the Company's total cash outflows for leases amounted to NT$678,757 thousand and NT$178,495 thousand, respectively.

e. Other information relating to leasing activities

Extension and termination options

Some of the Company's property rental agreements contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company.

After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

B. The Company as a lessor

The Company entered into commercial property leases with remaining terms between one to five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Lease income for operating leases | | |
| Income relating to fixed lease payments and variable lease payments that depend on an index or a rate | $78,891 | $83,436 |

Please refer to Note 6(8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2025 and 2024 are as follow:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Not later than one year | $43,841 | $54,131 |
| Later than one year and not later than five years | 8,307 | 7,697 |
| Later than five years | - | - |
| Total | $52,148 | $61,828 |

(17) Summary statement of employee benefits, depreciation and amortization expenses by function:

| | For the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | Operating costs | Operating expenses | Total amount | Operating costs | Operating expenses | Total amount |
| Employee benefits expense | | | | | | |
| Salaries | $6,247,115 | $1,258,701 | $7,505,816 | $4,931,756 | $1,094,222 | $6,025,978 |
| Labor and health insurance | 585,922 | 81,836 | 667,758 | 471,683 | 76,355 | 548,038 |
| Pension | 208,115 | 45,400 | 253,515 | 181,865 | 42,822 | 224,687 |
| Remuneration of directors | - | 133,350 | 133,350 | - | 98,034 | 98,034 |
| Other employee benefits expense | 315,137 | 38,835 | 353,972 | 264,112 | 36,261 | 300,373 |
| Total | $7,356,289 | $1,558,122 | $8,914,411 | $5,849,416 | $1,347,694 | $7,197,110 |
| Depreciation | $6,864,206 | $618,691 | $7,482,897 | $5,868,001 | $539,840 | $6,407,841 |
| Amortization | $375 | $5,075 | $5,450 | $6,765 | $3,796 | $10,561 |

The average total number of employees was 8,710 and 7,644 as of December 31, 2025 and 2024, respectively. The total number of Board of Directors who has not served as employees was 8 and 8, respectively.

A. The average amount of employee benefits expense was NT$1,009 thousand and NT$930 thousand for the years ended December 31, 2025 and 2024, respectively.
B. The average amount of salaries was NT$863 thousand and NT$789 thousand for the year ended December 31, 2025 and 2024, respectively.
C. The change rate of average amount of salaries was 9.4% and 5.5% for the years ended December 31, 2025 and 2024, respectively.
D. The remuneration to supervisors were NT$0 thousand for the years ended December 31, 2025 and 2024.

In accordance with the Articles of Incorporation, no higher than 1% of the profit of the current year is distributable as remuneration to directors (including independent directors). However, the Company’s accumulated losses shall have been covered (if any). The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders’ meeting. In addition, according to the Company’s Articles of Incorporation, the remuneration paid to directors (including independent directors) is determined based on the Company’s overall operating performance with consideration of the contribution of each director to the Company and reference to industry norm. The remuneration proposal shall be approved by more than half members of the Compensation Committee and submitted to the Board of Directors for further approval.

According to the Company’s Articles of Incorporation and the Company Law, the remuneration of the Company’s executives is determined based on the positions of the executives, contribution to the Company’s operations, individual performance, and consideration of the Company’s future risk and reference to the industry norm. The remuneration is to be reviewed by the Compensation Committee for its plausibility and submitted to the Board of Directors for resolution.

The employee’s compensation policy of the Company takes into account various factors such as individual’s salary, rank, and performance evaluation, the industry norm and the Company’s operating results, etc.

In accordance with the Articles of Incorporation, 8% to 10% of profit of the current year is distributable as employees' compensation (of the amount allocated as employee's compensation, no less than 2% shall be allocated to the non-executive employees), and no higher than 1% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered (if any). The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of current period, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2025 to be 8% of profit of current period (or NT$1,199,643 thousand) and 0.8% of profit of current period (or NT$119,964 thousand), respectively, which were recognized as salary expense. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed is calculated based on the closing price one day prior to the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the difference will be recognized in the profit or loss in the subsequent year. A resolution was passed at a Board of Directors meeting held on March 6, 2026 to distribute NT$1,199,643 thousand and NT$119,964 thousand in cash as employees' compensation and remuneration to directors, respectively, which were consistent with the estimated amounts recognized for the year ended December 31, 2025.

Actual distribution of employees' compensation and remuneration to directors of 2024 amounted to NT$850,211 thousand and NT$85,021 thousand, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2024.

(18) Non-operating income and expenses

A. Other income

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Dividend income | $109,303 | $98,364 |
| Others | 336,132 | 140,486 |
| Total | $445,435 | $238,850 |

B. Other gains and losses

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Gains on disposal of property, plant and equipment | $476,613 | $184,077 |
| Foreign exchange gains, net | 421,771 | 141,058 |
| Gain on disposal of investments | 25,895 | - |
| Impairment loss - property, plant and equipment | (34,712) | (123,029) |
| Others | - | (262,115) |
| Total | $889,567 | $(60,009) |

C. Finance costs

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Interest expenses on borrowings from bank | $157,765 | $429,301 |
| Interest expenses on lease liabilities | 25,613 | 8,509 |
| Total | $183,378 | $437,810 |

(19) Components of other comprehensive income

For the year ended December 31, 2025

| | Arising during the period | Reclassification adjustments during the period | Other comprehensive income | Income tax benefit (expenses) | Other comprehensive income, net of tax |
|---|---|---|---|---|---|
| Not to be reclassified to profit or loss in subsequent periods: | | | | | |
| Remeasurements of defined benefit plans | $(279,553) | $- | $(279,553) | $- | $(279,553) |
| Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income | 1,963,933 | - | 1,963,933 | (391,580) | 1,572,353 |
| To be reclassified to profit or loss in subsequent periods: | | | | | |
| Exchange differences resulting from translating the financial statements of foreign operations | (337,333) | - | (337,333) | 71,889 | (265,444) |
| Total of other comprehensive income | $1,347,047 | $- | $1,347,047 | $(319,691) | $1,027,356 |

For the year ended December 31, 2024

| | Arising during the period | Reclassification adjustments during the period | Other comprehensive income | Income tax benefit (expenses) | Other comprehensive income, net of tax |
|---|---|---|---|---|---|
| Not to be reclassified to profit or loss in subsequent periods: | | | | | |
| Remeasurements of defined benefit plans | $17,172 | $- | $17,172 | $- | $17,172 |
| Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income | (172,344) | - | (172,344) | 34,470 | (137,874) |
| To be reclassified to profit or loss in subsequent periods: | | | | | |
| Exchange differences resulting from translating the financial statements of foreign operations | 656,425 | - | 656,425 | (131,286) | 525,139 |
| Total of other comprehensive income | $501,253 | $- | $501,253 | $(96,816) | $404,437 |

(20) Income tax

The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Current income tax expense: | | |
| Current income tax charge | $4,653,101 | $1,240,832 |
| Adjustments in respect of current income tax of prior periods | (37,355) | (57,259) |
| Deferred income tax (benefit) expense: | | |
| Deferred income tax expense (benefit) relating to origination and reversal of temporary differences | (1,896,413) | 761,331 |
| Income tax expense recognized in profit or loss | $2,719,333 | $1,944,904 |

Income tax relating to components of other comprehensive income

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Deferred income tax (benefit) expense: | | |
| Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income | $391,580 | $(34,470) |
| Exchange differences resulting from translating the financial statements of foreign operations | (71,889) | 131,286 |
| Income tax relating to components of other comprehensive income | $319,691 | $96,816 |

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

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Accounting profit before tax from continuing operations | $13,734,928 | $9,724,332 |
| Tax at the domestic rates applicable to profits in the country concerned | $2,746,985 | $1,944,866 |
| Tax effect of expenses not deductible for tax purposes | 1,925,837 | (690,864) |
| Tax effect of deferred income tax assets/liabilities | (1,896,413) | 761,331 |
| Adjustments in respect of current income tax of prior periods | (37,355) | (57,259) |
| Investment tax credits | - | (25,000) |
| Others | (19,721) | 11,830 |
| Total income tax expense recognized in profit or loss | $2,719,333 | $1,944,904 |

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2025

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Charged directly to equity | Exchange differences | Ending balance |
|---|---|---|---|---|---|---|
| Temporary differences | | | | | | |
| Unrealized exchange gains and losses | $24,209 | $(38,984) | $- | $- | $- | $(14,775) |
| Impairment loss of goodwill | 12,650 | - | - | - | - | 12,650 |
| Other impairment loss | 16,939 | (9,739) | - | - | - | 7,200 |
| Depreciation difference for tax purpose | 31,013 | (31,013) | - | - | - | - |
| Unrealized sales discount | 55,754 | (8,470) | - | - | - | 47,284 |
| Investments accounted for using the equity method | (2,050,373) | 1,990,904 | - | - | - | (59,469) |
| Exchange differences resulting from translating the financial statements of foreign operations | (17,264) | - | 71,889 | - | - | 54,625 |
| Unrealized investment gains and losses | (884,839) | - | (391,580) | - | - | (1,276,419) |
| Others | 24,423 | (6,285) | - | - | - | 18,138 |
| Deferred income tax (expense)/benefit | | $1,896,413 | $(319,691) | $- | $- | |
| Net deferred tax assets | $(2,787,488) | | | | | $(1,210,766) |
| Reflected in balance sheet as follows: | | | | | | |
| Deferred tax assets | $164,988 | | | | | $139,897 |
| Deferred tax liabilities | $2,952,476 | | | | | $1,350,663 |

For the year ended December 31, 2024

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Charged directly to equity | Exchange differences | Ending balance |
|---|---|---|---|---|---|---|
| Temporary differences | | | | | | |
| Unrealized exchange gains and losses | $22,939 | $1,270 | $- | $- | $- | $24,209 |
| Impairment loss of goodwill | 12,650 | - | - | - | - | 12,650 |
| Other impairment loss | 438 | 16,501 | - | - | - | 16,939 |
| Depreciation difference for tax purpose | 25,065 | 5,948 | - | - | - | 31,013 |
| Unrealized sales discount | 109,394 | (53,640) | - | - | - | 55,754 |
| Investments accounted for using the equity method | (1,312,978) | (737,395) | - | - | - | (2,050,373) |
| Exchange differences resulting from translating the financial statements of foreign operations | 114,022 | - | (131,286) | - | - | (17,264) |
| Unrealized investment gains and losses | (919,309) | - | 34,470 | - | - | (884,839) |
| Others | 18,438 | 5,985 | - | - | - | 24,423 |
| Deferred income tax (expense)/benefit | | $(761,331) | $(96,816) | $- | $- | |
| Net deferred tax assets | $(1,929,341) | | | | | $(2,787,488) |
| Reflected in balance sheet as follows: | | | | | | |
| Deferred tax assets | $302,946 | | | | | $164,988 |
| Deferred tax liabilities | $2,232,287 | | | | | $2,952,476 |

The assessment of income tax returns

As of December 31, 2025, the assessment of the income tax returns of the Company is as follows:

| Entities | The assessment of income tax returns |
|---|---|
| The Company | Assessed and approved up to 2023 |

(21) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| A. Basic earnings per share | | |
| Profit attributable to ordinary equity owners of the parent | $11,015,595 | $7,779,428 |
| Weighted average number of ordinary shares outstanding for basic earnings per share (thousand share) | 1,222,745 | 1,222,745 |
| Basic earnings per share (NT$) | $9.01 | $6.36 |
| B. Diluted earnings per share | | |
| Profit attributable to ordinary equity owners of the parent | $11,015,595 | $7,779,428 |
| Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands) | 1,222,745 | 1,222,745 |
| Effect of dilution: | | |
| Employee compensation - stock (in thousands) | 5,887 | 8,578 |
| Weighted average number of ordinary shares outstanding after dilution (in thousands) | 1,228,632 | 1,231,323 |
| Diluted earnings per share (NT$) | $8.97 | $6.32 |

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

## 7. Related Party Transactions

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

A. Name and nature of relationship of the related parties

| Name of the related parties | Nature of relationship of the related parties |
|---|---|
| MediaTek Inc. | The chairman of the Company and the chairman of MediaTek Inc. are close relatives |
| MediaTek Singapore Pte. Ltd. | Subsidiary of MediaTek Inc. |
| Airoha Technology Corp. | Subsidiary of MediaTek Inc. |
| LePower (HK) Limited | Subsidiary of MediaTek Inc |
| Other related parties (Note) | Subsidiary of MediaTek Inc. |
| Hsieh, Chi-Chun | The vice-chairman of the Company |
| LC Architecture Realization Company, Inc | A director of the Company also serves as the chairman of LC Architecture Realization Company, Inc |
| Fixwell Technology Corp. | Associates |
| Wei Jiu Industrial Co., Ltd. | Associates |
| KYEC USA Corp. | Subsidiaries |
| KYEC SINGAPORE PTE. LTD. | Subsidiaries |
| KYEC Japan K.K. | Subsidiaries |
| KYEC Microelectronics Co., Ltd. | Subsidiaries(It has been deregistered on December 31, 2025) |
| King Long Technology (Suzhou) Ltd. | Subsidiaries(It has been sold on February 13, 2025) |
| Suzhou Zhengkuan Technology Ltd. | Subsidiaries(It has been sold on February 13, 2025) |

Note: The Company’s transactions with these companies are not material.

B. Significant transactions with related parties

a. Sales Revenue

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| MediaTek Inc. | $5,078,871 | $3,462,686 |
| MediaTek Singapore Pte. Ltd. | 2,459,854 | 3,330,155 |
| Airoha Technology Corp. | 826,005 | 801,581 |
| Other related parties | 120,882 | 82,124 |
| Associates | 10,125 | 10,502 |
| Subsidiaries | 31 | 40,490 |
| Total | $8,495,768 | $7,727,538 |

Trading price with related parties were determined through mutual agreement based on the market demands. The trade credit terms with related parties were 60 to 90 days, while the terms with non-related parties were 20 to 90 days. The outstanding balance due from related parties as of December 31, 2025 and 2024 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

b. The Company purchased inventories from associates and subsidiaries. The purchase amounts were NT$ 79,164 thousand and NT$ 0 thousand for the year ended December 31, 2025 and NT$57,822 thousand and NT$169 thousand for the year ended December 31, 2024, respectively. The purchase price was based on the market demands. The payment terms with related parties were 30 to 90 days, while the terms with non-related parties were 30 to 120 days.

c. The Company engaged associates to perform machinery maintenance services. For the years ended December 31, 2025 and 2024, the operating cost recognized amounted to NT$221,412 thousand and NT$239,817 thousand, respectively.

d. Rental Expense

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Associates | $19,449 | $9,072 |
| Other related parties | 3,195 | - |
| Total | $22,644 | $9,072 |

The rental price was based on the similar machine's rental price in the market. The payment terms with associates were 30 to 90 days, while terms with non-related parties were 30 to 90 days.

e. The Company engaged Hsieh, Chi-Chun as the physician at the factory. For the year ended December 31, 2025 and 2024, the operating expenses amounted to NT$600 thousand and NT$500 thousand, respectively.

f. Significant property transactions with related parties:

(a) Disposal of property, plant and equipment

| | For the year ended December 31, 2025 | | For the year ended December 31, 2024 | |
|---|---|---|---|---|
| Related party | Sales price | Disposal gain | Sales price | Disposal gain |
| King Long Technology (Suzhou) Ltd. | $21,345 | $8,345 | $150,478 | $107,381 |
| MediaTek Inc. | - | - | 1,029 | 83 |
| Subsidiaries | - | - | 709 | 615 |
| Subtotal | 21,345 | 8,345 | 152,216 | 108,079 |
| Unrealize gain on disposal in current year (Note) | - | - | - | (29,743) |
| Net Amount | $21,345 | $8,345 | $152,216 | $78,336 |

Note: The Company deferred the disposal gain derived from sales of property, plant and equipment to related parties, and then recognized such gain over depreciable lives of the disposed assets.

(b) Acquisition of property, plant and equipment

| | For the year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Related party | Purchase price | Purchase price |
| Associates | $266,776 | $154,348 |

The purchase price was determined through mutual agreement based on the market demand.

g. Trade receivables from related parties

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| MediaTek Inc. | $1,684,375 | $1,013,690 |
| Mediatek Singapore Pte. Ltd. | 618,985 | 721,583 |
| Airoha Technology Corp. | 205,051 | 223,956 |
| Other related parties | 28,084 | 20,711 |
| Associates | 863 | 863 |
| Subsidiaries | - | 35,675 |
| Less: loss allowance | - | - |
| Net | $2,537,358 | $2,016,478 |

h. Other receivables from related parties

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| MediaTek Inc. | $54,197 | $17,621 |
| Other related parties | 525 | 279 |
| Associates | 15 | 15 |
| KYEC Microelectronics Co., Ltd. | - | 336,299 |
| King Long Technology (Suzhou) Ltd. | - | 259,325 |
| Total | $54,737 | $613,539 |

The details of financing provided to related parties in 2025 are as follows :

| Related party | Ending limit | Ending balance | Total interest for the year | Interest rate |
|---|---|---|---|---|
| KYEC Microelectronics Co., Ltd. | $- | $- | $2,413 | 6% |

The details of financing provided to related parties in 2024 are as follows :

| Related party | Ending limit | Ending balance | Total interest for the year | Interest rate |
|---|---|---|---|---|
| KYEC Microelectronics Co., Ltd. | $329,489 | $329,489 | $6,695 | 6% |

i. Account payables to related parties

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Wei Jiu Industrial Co., Ltd. | $43,896 | $15,299 |
| Associates | - | 147 |
| Total | $43,896 | $15,446 |

j. Other payables to related parties

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Wei Jiu Industrial Co., Ltd. | $51,632 | $49,396 |
| Fixwell Technology Corp. | 46,296 | 60,010 |
| Subsidiaries | 16,597 | 16,558 |
| Other related parties | 3,565 | 1,141 |
| Others | 45 | 45 |
| Total | $118,135 | $127,150 |

k. The Company paid NT$149,394 thousand and NT$137,359 thousand as commission expenses to the subsidiaries for the years ended December 31, 2025 and 2024, respectively.

l. Other income

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| KYEC Microelectronics Co., Ltd. | $2,413 | $6,695 |
| Associates | - | 250 |
| Total | $2,413 | $6,945 |

C. Key management personnel compensation

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Short-term employee benefits | $296,701 | $225,686 |
| Post-employment benefits | 1,296 | 1,206 |
| Total | $297,997 | $226,892 |

## 8. Assets Pledged as Security

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

| Items | Carrying amount December 31, 2025 | Carrying amount December 31, 2024 | Purpose of pledge |
|---|---|---|---|
| Other non-current financial assets | $203,235 | $148,916 | Customs clearance |
| Land | 914,594 | 914,594 | Long-term borrowings |
| Buildings and facilities | 885,463 | 963,150 | Long-term borrowings |
| Machinery and equipment | 3,972,496 | 4,795,725 | Long-term borrowings |
| Total | $5,975,788 | $6,822,385 | |

## 9. Significant Contingent Liabilities and Unrecognized Commitments

As of December 31, 2025, the following contingencies and material commitments were not included in the Company's financial statements:

A. The Company's issued and outstanding letters of credit totaled approximately NT$1,147,887 thousand.

B. To construct the plant and factory premises, the Company had entered into several construction contracts in an aggregate amount of NT$8,136,658 thousand with NT$5,759,921 thousand already paid and NT$2,376,737 thousand remaining unpaid (promissory notes have been issued).

C. The promissory notes issued for secured bank loans amounted to NT$74,878,640 thousand.

D. The Company entered into a loan agreement with Mega International Commercial Bank, the following financial covenants shall be maintained on semi-annual and annual basis during the period from 2022 to 2028:
(a) Current ratio not less than 100%;
(b) Net financial debt ratio not more than 150%;
(c) Interest coverage ratio no less than 300%.

The Company entered into a loan agreement with Mega International Commercial Bank, the following financial covenants shall be maintained on semi-annual and annual basis during the period from 2025 to 2031:

(a) Current ratio not less than 100%;
(b) Net financial debt ratio not more than 150%;
(c) Interest coverage ratio no less than 300%.

The Company entered into a loan agreement with Yuanta Commercial Bank, the following financial covenants shall be maintained on semi-annual and annual basis during the period from 2023 to 2027:

(a) Current ratio not less than 100%;
(b) Net financial debt ratio not more than 150%;
(c) Interest coverage ratio no less than 300%.

The Company entered into a loan agreement with Yuanta Commercial Bank, the following financial covenants shall be maintained on semi-annual and annual basis during the period from 2024 to 2028:

(a) Current ratio not less than 100%;
(b) Net financial debt ratio not more than 150%;
(c) Interest coverage ratio no less than 300%.

The Company entered into a loan agreement with Yuanta Commercial Bank, the following financial covenants shall be maintained on semi-annual and annual basis during the period from 2025 to 2029:

(a) Current ratio not less than 100%;
(b) Net financial debt ratio not more than 150%;
(c) Interest coverage ratio no less than 300%.

The Company entered into a loan agreement with Cathay United Bank, the following financial covenants shall be maintained on semi-annual and annual basis during the period from 2025 to 2028:

(a) Current ratio not less than 100%;
(b) Net financial debt ratio not more than 150%;
(c) Interest coverage ratio no less than 300%.

The Company entered into a loan agreement with HSBC Taiwan Bank, the following financial covenants shall be maintained on semi-annual and annual basis during the period from 2025 to 2028:

(a) Current ratio not less than 100%;
(b) Net financial debt ratio not more than 150%;
(c) Interest coverage ratio no less than 300%.

The Company entered into a syndicated loan agreement with 14 banks, led by Bank of Taiwan, and the Company shall maintain the following financial covenants on semi-annual and annual basis during the period from 2024 to 2029:
(a) Current ratio not less than 100%;
(b) Net financial debt ratio not more than 150%;
(c) Interest coverage ratio not less than 300%.

In the case of failure to adhere to the aforementioned financial covenants during the period from 2024 to 2029, Bank of Taiwan may assemble a meeting among the banks to govern the matter to decide on a course of action or request for each bank’s written approval for such course of action, when necessary.

The Company entered into a syndicated loan agreement with 17 banks, led by First Commercial Bank, and the Company shall maintain the following financial covenants on semi-annual and annual basis during the period from 2025 to 2030:
(a) Current ratio not less than 100%;
(b) Net financial debt ratio not more than 150%;
(c) Interest coverage ratio not less than 300%.

In the case of failure to adhere to the aforementioned financial covenants during the period from 2025 to 2030, Bank of Taiwan may assemble a meeting among the banks to govern the matter to decide on a course of action or request for each bank’s written approval for such course of action, when necessary.

As of December 31, 2025, the Company did not violate any financial covenants.

The Company has issued a notice of fulfillment of the settlement conditions in accordance with the requirements of the share purchase agreement, and the share purchase settlement was completed on February 13, 2025. In the event of any violation of the representations, warranties, commitments, or agreements under the share purchase agreement, if any illegal actions existed within King Long Technology (Suzhou) Ltd. before or on the settlement date, or if any third party raises claims or asserts rights regarding actions taken by King Long Technology (Suzhou) Ltd. before or on the settlement date, resulting in losses to the buyers after the settlement date, the company shall assume liability for indemnification. The aforementioned indemnification obligation is not limited to commercial activities but also include tax, housing provident fund, and other statutory obligations. However, the resolution of statutory obligations such as taxes and housing provident fund depends on the future development of approval practices, and the profit from selling King Long Technology (Suzhou) Ltd. recognized by the company have not considered the impact of these uncertainties.

## 10. Losses due to Major Disasters

None.

## 11. Significant Subsequent Events

None.

## 12. Others

(1) Categories of financial instruments

| Financial assets | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Financial assets at fair value through other comprehensive income | $8,281,525 | $6,369,337 |
| Financial assets measured at amortized cost (Note) | 18,523,109 | 17,823,749 |
| Total | $26,804,634 | $24,193,086 |

| Financial liabilities | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Financial liabilities at amortized cost: | | |
| Payables (including related parties) | $909,089 | $942,389 |
| Other payables (including related parties) | 8,335,135 | 6,370,412 |
| Long-term loans (including current portion) | 30,274,865 | 20,580,713 |
| Lease liabilities | 1,762,273 | 1,062,290 |
| Guarantee deposits | 6,819 | 6,316 |
| Total | $41,288,181 | $28,962,120 |

Note: Includes cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables (including related parties), other financial assets and refundable deposits.

(2) Financial risk management objectives

The objective of the Company’s financial risk management is mainly to manage the market risk, credit risk and liquidity risk derived from its operating activities. The Company identified, measured and managed the aforementioned risks based on the Company’s policy and risk tendency.

The Company has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit committee in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate 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 variables, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

A. Foreign currency risk

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

Some receivables and payables are denominated in the same foreign currency, and it will result in economic hedging effect. Further, net investments in foreign operations are primarily for strategic purposes, and they are not hedged by the Company.

The Company's sensitivity analysis to foreign currency risk mainly focuses on foreign currency monetary items at the end of the reporting period. The Company's foreign currency risk is mainly from the volatility in the exchange rates of US$. The sensitivity analysis is as follows:

When NT$ appreciates or depreciates against US$ by 1%, the profit for the years ended December 31, 2025 and 2024 would have increased / decreased by NT$3,998 thousand and NT$1,978 thousand, respectively.

B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates.

The Company manages its risk by having a balanced portfolio of financial instruments with fixed and floating interest rates. The Company did not apply hedging accounting since such hedging activities did not qualify for criteria of hedge accounting.

The Company's sensitivity analysis to interest rate risk mainly focuses on items exposed to interest rate risk at the end of the reporting period, including investments with floating interest rates and bank borrowings with floating rates. Assuming investments and bank borrowings had been outstanding for the entire period and all other variables were constant, a hypothetical increase/decrease of 10 basis points of interest rate in a reporting period would have resulted in a decrease/increase in profit by NT$30,311 thousand and NT$20,595 thousand for the years ended December 31, 2025 and 2024, respectively.

C. Equity price risk

The Company's equity investments, including listed and unlisted equity securities, are exposed to market price risk arising from uncertainties of future values of equity securities. The Company's investments in listed and unlisted equity securities are classified under financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity investments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves certain significant equity investments according to level of authority.

At the reporting date ended December 31, 2025 and 2024, a change of 20% in the price of the listed equity securities classified under equity instrument investments measured at fair value through other comprehensive income would have impact of NT$14,295 thousand and NT$7,874 thousand on the equity attributable to the Company.

Please refer to Note 12(8) section H for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

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

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

As of December 31, 2025 and 2024, receivables from top ten customers represented 71% and 62% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivable was insignificant.

The Company manages its exposure to credit risk arising from bank deposits, fixed income securities and other financial instruments in accordance with established group policies. Since the counter-parties are selected reputable financial institutions and companies, the Company believes its exposure to credit risk is not significant.

(5) Liquidity risk management

The Company maintained financial flexibility through the holding of cash and cash equivalents, investments in securities with high liquidity, and facilities of bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity, and the payment amount also 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 2 years | 2 to 3 years | 3 to 4 years | Longer than 4 years | Total |
|---|---|---|---|---|---|---|
| December 31, 2025 | | | | | | |
| Payables | $9,244,224 | $- | $- | $- | $- | $9,244,224 |
| Borrowings | 637,508 | 8,722,706 | 9,807,579 | 12,192,638 | 996,689 | 32,357,120 |
| Lease liabilities (Note) | 378,396 | 373,741 | 340,915 | 304,299 | 509,070 | 1,906,421 |

| | Less than 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | Longer than 4 years | Total |
|---|---|---|---|---|---|---|
| December 31, 2024 | | | | | | |
| Payables | $7,312,801 | $- | $- | $- | $- | $7,312,801 |
| Borrowings | 507,063 | 6,054,538 | 8,136,207 | 6,850,015 | 607,536 | 22,155,359 |
| Lease liabilities (Note) | 160,915 | 156,145 | 156,145 | 156,145 | 562,385 | 1,191,735 |

Note: Information about the maturities of lease liabilities is provided in the table below:

| | Maturity Period | | | | |
|---|---|---|---|---|---|
| Lease liabilities | Less than 1 year | 1 to 5 years | 6 to 10 years | > 10 years | Total |
| December 31, 2025 | $378,396 | $1,143,173 | $120,793 | $264,059 | $1,906,421 |
| December 31, 2024 | $160,915 | $621,835 | $120,742 | $288,243 | $1,191,735 |

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2025:

| | Long-term loans | Lease liabilities | Total liabilities from financing activities |
|---|---|---|---|
| As of January 1, 2025 | $20,580,713 | $1,062,290 | $21,643,003 |
| Cash flows | 9,917,686 | (219,658) | 9,698,028 |
| Non-cash changes | | | |
| Syndicated loan issuance costs | 5,760 | - | 5,760 |
| Amortization on discount of commercial papers | (10,734) | - | (10,734) |
| Acquisition of right-of-use assets | - | 910,314 | 910,314 |
| Remeasurement of lease liabilities | - | 9,327 | 9,327 |
| Foreign exchange movement | (218,560) | - | (218,560) |
| As of December 31, 2025 | $30,274,865 | $1,762,273 | $32,037,138 |

Reconciliation of liabilities for year ended December 31, 2024:

| | Long-term loans | Lease liabilities | Total liabilities from financing activities |
|---|---|---|---|
| As of January 1, 2024 | $17,704,154 | $454,564 | $18,158,718 |
| Cash flows | 2,649,046 | (22,450) | 2,626,596 |
| Non-cash changes | | | |
| Syndicated loan issuance costs | 2,400 | - | 2,400 |
| Amortization on discount of commercial papers | 7,190 | - | 7,190 |
| Acquisition of right-of-use assets | - | 625,929 | 625,929 |
| Remeasurement of lease liabilities | - | 4,247 | 4,247 |
| Foreign exchange movement | 217,923 | - | 217,923 |
| As of December 31, 2024 | $20,580,713 | $1,062,290 | $21,643,003 |

(7) Fair values 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 Company to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other payables 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 at the reporting date.
(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
(d) Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments.

b. Fair value of financial instruments measured at amortized cost

The carrying amounts of the Company’s financial assets and financial liabilities measured at amortized cost approximate their fair value.

c. Fair value measurement hierarchy for financial instruments

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

(8) Fair value measurement hierarchy

a. Fair value measurement hierarchy

All assets 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: Input other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
Level 3: Unobservable inputs for the assets or liabilities.

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

b. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets measured at fair value on a non-recurring basis; the following table presents the fair value measurement hierarchy of the Company's assets and liabilities on a recurring basis:

December 31, 2025

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income | | | | |
| Equity instruments measured at fair value through other comprehensive income | $71,476 | $- | $8,210,049 | $8,281,525 |

December 31, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income | | | | |
| Equity instruments measured at fair value through other comprehensive income | $39,369 | $- | $6,329,968 | $6,369,337 |

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 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:

For the year ended December 31, 2025:

| | Assets |
|---|---|
| | At fair value through other comprehensive income |
| | Stocks |
| Beginning balances as of January 1, 2025 | $6,329,968 |
| Total gains and losses recognized for the year ended December 31, 2025: | |
| Amount recognized in OCI (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”) | 1,933,334 |
| Disposal | (53,253) |
| Ending balances as of December 31, 2025 | $8,210,049 |

For the year ended December 31, 2024:

| | Assets |
|---|---|
| | At fair value through other comprehensive income |
| | Stocks |
| Beginning balances as of January 1, 2024 | $6,491,001 |
| Total gains and losses recognized for the year ended December 31, 2024: | |
| Amount recognized in OCI (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”) | (161,033) |
| Ending balances as of December 31, 2024 | $6,329,968 |

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 December 31, 2025

| Financial assets: | 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 | Assets approach | Discount for lack of marketability | 10% | 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 Company's equity by NT$912,228 thousand. |

As of December 31, 2024

| Financial assets: | 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 | Assets approach | Discount for lack of marketability | 10% | 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 Company's equity by NT$698,450 thousand. |
| Stocks | Markets approach | P/E, P/B, EV/EBITDA, EV/EBIT and EV/Sales | 30% | The higher the proportion of similar quantified information, the higher the fair value of the stocks | 10% increase/decrease in the discount for lack of marketability would result in decrease/increase in the Company's equity by NT$6,273 thousand. |

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

The Company's Finance 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 Company'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:

| | December 31, 2025 | | |
|---|---|---|---|
| | Foreign Currency (thousand) | Exchange rate | NT$ (thousand) |
| Monetary financial assets | | | |
| US$ | $237,621 | 31.43 | 7,468,416 |
| JPY$ | 2,754,191 | 0.2008 | 553,042 |
| Monetary financial liabilities | | | |
| US$ | 250,340 | 31.43 | 7,868,189 |
| JPY$ | 2,807,351 | 0.2008 | 563,716 |

| | December 31, 2024 | | |
|---|---|---|---|
| | Foreign Currency (thousand) | Exchange rate | NT$ (thousand) |
| Monetary financial assets | | | |
| US$ | $214,887 | 32.785 | 7,045,701 |
| JPY$ | 24,350 | 0.2099 | 5,111 |
| Monetary financial liabilities | | | |
| US$ | 220,920 | 32.785 | 7,242,847 |
| JPY$ | 96,688 | 0.2099 | 20,295 |

Functional currencies of entities of the Company are varied. Accordingly, the Company is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains were NT$421,771 thousand and NT$141,058 thousand for the years ended December 31, 2025 and 2024, respectively.

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

(10) Capital management

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

## 13. Additional Disclosures

(1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau for the year ended December 31, 2025:

A. Financing provided to others: Please refer to Attachment 1.
B. Endorsement/Guarantee provided to others: None.
C. Securities held as of December 31, 2025: Please refer to Attachment 2.
D. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock: Please refer to Attachment 3.
E. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock: Please refer to Attachment 4.
F. Parent-subsidiary relationship between business dealings and important circumstance: Please refer to Attachment 5.

(2) Information on investees

A. Information regarding investee companies over which the Company can exercise significant influence or control: Please refer to Attachment 6.

(3) Investment in Mainland China: Please refer to Attachment 5 and 7.

MARKTEABLE SECURITIES HELD

As of December 31, 2025

(Amounts in New Taiwan Thousand Dollars, Unless Specified otherwise)

| Number (Note 1) | Financing Company | Counter-party | Financial Statement Account | Related Party | Maximum Balance for the period (Note 3) | Ending Balance | Amount Actually Drawn | Interest Rate | Nature of Financing | Transaction Amounts | Reason for Financing | Bad Debt | Collateral | | Financing Limits for Each Borrowing Company (Note 2) | Financing Company's Total Financing Amount Limits (Note 2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | KYEC Microelectronics Co., Ltd. | Other receivables from related parties | Yes | $328,484 | $- | $- | 6% | Short-term financing | - | Operating Capital | - | - | - | $5,042,932 | $10,085,864 |

Note 1: The numbers filled in for the financings provided by the group or subsidiaries are as follows:

(1) The Company is “0”.

(2) The subsidiaries are numbered in order starting from “1”.

Note 2: The total amount for lending and the maximum amount lendable to a single company shall not exceed 40% of the Company’s net worth in KYEC’s “Procedures for Loaning Funds to Others”, and this can also be divided into the following two scenarios:

(1) The maximum amount of financing to trading partners is 20% of the Company's net worth, and shall not exceed the transaction amount arising from business dealings during the most recent 1 year which is the higher amount of total sales or purchase transactions.

(2) The maximum amount of short-term financing to trading partners is 20% of the Company’s net worth, and the maximum amount of short-term financing to a single company is 10% of the Company’s net worth.

Note 3: Maximum accumulated balance of financing amount as of the declaration month for the period.

KING YUAN ELECTRONICS CO., LTD. Attachment 2

MARKTEABLE SECURITIES HELD

As of December 31, 2025

(Amounts in New Taiwan Thousand Dollars, Unless Specified otherwise)

| Held Company Name | Securities Type | Securities Name | Relationship with the Company | Financial Statement Account | Balances as of December 31, 2025 | | | | Note |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares/Units | Carrying Value | Percentage of Ownership (%) | Fair Value | |
| The Company | Stock | Shieh Yong Investment Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 153,488,602 | 1,498,189 | 7.58% | 1,498,189 | |
| | Stock | APM Communication, Inc. | - | Non-current financial assets at fair value through other comprehensive income | 10,456 | - | 0.11% | - | |
| | Stock | Greenliant Systems, Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 2,333,333 | - | 3.74% | - | |
| | Stock | YANN YUAN Investment Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 127,500,000 | 6,711,860 | 14.55% | 6,711,860 | |
| | Stock | Movella Holdings Inc. | - | Non-current financial assets at fair value through other comprehensive income | 258,419 | 9 | 0.51% | 9 | |
| | Stock | Baas Innovation Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 315,999 | 26,797 | 0.79% | 26,797 | |
| | Stock | Unimicron Technology Corp. | - | Non-current financial assets at fair value through other comprehensive income | 203,045 | 44,670 | 0.01% | 44,670 | |

KING YUAN ELECTRONICS CO., LTD. Attachment 3

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

For the yaer ended December 31, 2025

(Amounts in New Taiwan Thousand Dollars, Unless Specified otherwise)

| Company Name | Related Party | Nature of Relationships | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable (Included Contract Assets) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/ Sales | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total |
| The Company | MediaTek Inc. | The chairman of the Company and the chairman of Mediatek Inc. are close relatives | Sales | $5,078,871 | 14.54% | Month-end 75 days | - | - | $1,684,375 | 22.83 % |
| | Mediatek Singapore Pte. Ltd. | Subsidiary of MediaTek Inc. | Sales | $2,459,854 | 7.04% | Month-end 60 days | - | - | $618,985 | 8.39 % |
| | Airoha Technology Corp. | Subsidiary of MediaTek Inc. | Sales | $826,005 | 2.36% | Month-end 60 days | - | - | $205,051 | 2.78 % |

KING YUAN ELECTRONICS CO., LTD. Attachment 4

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

As of December 31, 2025

(Amounts in New Taiwan Thousand Dollars, Unless Specified otherwise)

| Company Name | Related Party | Nature of Relationships | Ending Balance | Turnover Rates | Overdue | | Amounts Received in Subsequent | Allowance for Bad Debts |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action Taken | | |
| The Company | MediaTek Inc. | The chairman of the Company and the chairman of Mediatek Inc. are close relatives | $1,738,572 (Note 1) | 3.76 | $- | - | $1,083,918 | - |
| | Mediatek Singapore Pte. Ltd. | Subsidiary of MediaTek Inc. | $619,510 (Note 2) | 3.67 | $- | - | $406,033 | - |
| | Airoha Technology Corp. | Subsidiary of MediaTek Inc. | $205,051 | 3.85 | $- | - | $149,258 | - |

Note 1： Includes other receivables to related parties amounting to NT$54,197 thousand arising from handling charges, freights and tax fees.

Note 2： Includes other receivables to related parties amounting to NT$525 thousand arising from customs clearance charges and freights.

KING YUAN ELECTRONICS CO., LTD. Attachment 5

INTERCOMPANY RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS DURING THE REPORTING PERIOD
For the year ended December 31, 2025
(Amounts in New Taiwan Thousand Dollars, Unless Specified otherwise)

| Number | Company name | Counterparty | Relationship | Intercompany Transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | Finacial Statement Account | Amount | Transaction terms | % of Net revenues or total assets |
| 0 | KYEC | KYEC USA Corp. | 1 | Commission expense | $75,770 | according to contract | 0.21% |
| | | | | Accrued expenses | 13,523 | | 0.01% |
| | | King Long Technology (Suzhou) Ltd. | | Sales of equipment | 21,345 | | 0.02% |
| | | KYEC Japan. K.K. | | Accrued expenses | 3,074 | | 0.00% |
| | | | | Commission expense | 21,992 | | 0.06% |
| | | KYEC Singapore PTE. LTD. | | Commission expense | 51,632 | | 0.14% |
| | | KYEC Microelectronics Co., Ltd. | | Interest revenue | 2,413 | | 0.01% |
| 1 | King Long Technology (Suzhou) Ltd. | Suzhou Zhengkuan Technology Ltd. | 3 | Sales revenue | 13,962 | | 0.04% |

Note 1: The information of transactions between the Company and the conlidated subsidiaries should be noted in “Number” column.
(1) Number 0 represents the Company.
(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:
(1) The Company to the consolidated subsidiary.
(2) The consolidated subsidiary to the Company.
(3) The consolidated subsidiary to another consolidated subsidiary.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

KING YUAN ELECTRONICS CO., LTD. Attachment 6

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

For the year ended December 31, 2025

(Amounts in New Taiwan Thousand Dollars and United States Thousand Dollars, Unless Specified otherwise)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of December 31, 2025 | | | Net Income (Loss) of the Investee | Investment income (loss) recognised by the Company for the year ended December 31, 2025. | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2025 | December 31, 2024 | Shares | Percentage of Ownership | Carrying Value | | | |
| The Company | KYEC USA Corp. | Note 1 | Sales agent and business communication in USA | $4,973 | $4,973 | 160,000 | 100.00 % | $17,657 | $1,828 | $1,828 | |
| | KYEC Investment International Co., Ltd. | Note 2 | Investing activities | 5,292,315 | 5,292,315 | 164,923,636 | 100.00 % | 5,468,504 | 3,264,469 | 3,264,469 | |
| | KYEC Technology Management Co., Ltd. | Note 3 | Investing activities | - | 251,579 | - | - | - | 212,323 | 212,323 | |
| | KYEC Japan. K.K. | Note 4 | Manufacturing and sales of electronic parts and components, sales agent and business communication in Japan | 102,735 | 102,735 | 1,899 | 89.83 % | 74,450 | 4,019 | 3,611 | |
| | KYEC SINGAPORE PTE. LTD. | Note 5 | Sales agent and business communication in Southeast Asia and Europe | 2,367,846 | 1,830 | 100,078,000 | 100.00 % | 2,436,625 | (22,147) | (22,147) | |
| | Fixwell Technology Corp. | Note 6 | Manufacturing, selling and wholesale of electronics parts and components and repairing of electronics related products | 28,000 | 28,000 | 2,800,000 | 23.33 % | 94,254 | 111,608 | 32,225 | |
| | Wei Jiu Industrial Co., Ltd. | Note 7 | CNC center processing machine, lathe machining processing design and various precision mechanical components manufacturing | 10,200 | 10,200 | 1,020,000 | 34.00 % | 40,678 | 30,649 | 10,420 | |
| KYEC Investment International Co., Ltd. | KYEC Microelectronics Co., Ltd. | Note 8 | Investing activities | - | USD 116,155 | - | - | - | USD 102,762 | - | |
| KYEC Technology Management Co., Ltd. | KYEC Microelectronics Co., Ltd. | Note 8 | Investing activities | - | USD 7,500 | - | - | - | USD 102,762 | - | |

Note 1: 101 Meto Drive., #540 San Jose, CA 95110 USA.

Note 2: Wickhams Cay II Road Town, Tortola, VG1110, British Virgin Islands.

Note 3: Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa.

Note 4: 5F 2-3-8 Momochihama, Sawara-ku, Fukuoka 814-0001 Japan.

Note 5: 750A Chai Chee Road, ESR BizPark @ Chai Chee Singapore (469001).

Note 6: No.380, Huashan Rd., Dadu Dist., Taichung City 432, Taiwan (R.O.C.)

Note 7: No.8, Aly. 8, Ln. 48, Sec. 2, Nan'ai Rd., Xiangshan Dist., Hsinchu City 300, Taiwan (R.O.C.)

Note 8: P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

KING YUAN ELECTRONICS CO., LTD. Attachment 7

INFORMATION ON INVESTMENT IN MAINLAND CHINA

For the year ended December 31, 2025

(Amounts in New Taiwan Thousand Dollars and United States Thousand Dollars, Unless Specified otherwise)

| Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital | Method of Investment | Accumulated Outflow of Investment from Taiwan as of January 1, 2025 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of December 31, 2025 | Net Income (Loss) of the Investee Company | Percentage of Ownership | Share of Profits/Losses (Note 5) | Carrying Amount as of December 31, 2025 | Accumulated Inward Remittance of Earnings as of December 31, 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| King Long Technology (Suzhou) Ltd. | Note 1 | -<br>- | Indirectly investment in Mainland China through companies registered in a third region (Note 2) | $3,886,477<br>(USD 123,655) | $- | $3,886,477<br>(USD 123,655) | $- | $533,163<br>(USD 16,287) | - | $491,373<br>(USD 15,011) | - | $13,582,520<br>(USD 438,998) |
| Suzhou Zhengkuan Technology Ltd. | Note 3 | -<br>- | Indirectly investment in Mainland China through companies registered in a third region (Note 4) | $1,532,798<br>(USD 48,769) | $- | $1,532,798<br>(USD 48,769) | $- | $13,225<br>(USD 404) | - | $12,189<br>(USD 372) | - | |

| Accumulated Investment in Mainland China as of December 31, 2025 (Note 6) | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|
| $- | $- | $30,257,592 |

Note 1: Sales and manufacturing of components of automotive data processing machinery, solid memory parts, monitoring burn-in machinery, and testing and assembly service of integarted circuits.

Note 2: The Company obtained the approval from the Investment Commission, MOEA, to invest indirectly in King Long Technology (Suzhou) via KYEC Microelectronics Co., Ltd. which is registered in Cayman Island. KYEC Microelectronics Co., Ltd. is invested by KYEC Investment International Co., Ltd. which is registered in BVI.

Note 3: Testing and assembly service of integrated circuits, sales and after service of processing of electronic components and materials, components of automotive data processing machinery, solid memory parts, and monitoring burn-in machinery.

Note 4: Investment was through King Long Technology (Suzhou) Ltd.

Note 5: Recognition of investment gains (losses) was calculated based on the investee’s audited financial statements.

Note 6: The Company has filed with the Investment Commission, MOEA for the inward remittance of USD 446,498 thousand, and the amount has been deducted from investment in Mainland China, and the approval from the Investment Commission had been obtained on January 5, 2026.

**KING YUAN ELECTRONICS CO., LTD.**

**1.STATEMENT OF CASH AND CASH EQUIVALENTS**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Cash and cash equivalents | Including US$15,705 thousand and JPY$2,754,191 thousand | $10,292,154 | Exchange rate of Dec.31, 2025: |
| Time deposits | | - | NT$ 31.43 = US$ 1 |
| Total | | $10,292,154 | NT$ 0.2008 = JPY$ 1 |

**KING YUAN ELECTRONICS CO., LTD.**

**2.STATEMENT OF NOTES RECEIVABLE, NET**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Client Name | Description | Amount | Note |
|---|---|---|---|
| Guang Da Commercial Firm | The amount exceed 5% of the account balance. | $166 | |
| Dong En Commercial Firm | | 61 | |
| Total | | 227 | |
| Less: loss allowance | | - | |
| Net | | $227 | |

**KING YUAN ELECTRONICS CO., LTD.**

**3.STATEMENT OF TRADE RECEIVABLES, NET**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Client Name | Description | Amount | Note |
|---|---|---|---|
| Nvidia Corporation | | $1,810,737 | |
| Global Unichip Corp. | | 345,222 | |
| Silicon Motion, Inc. | | 243,096 | |
| Others | The amount of each item in “Others” does not exceed 5% of the account balance. | 2,279,517 | |
| Total | | 4,678,572 | |
| Less: loss allowance | | (13,107) | |
| Net | | $4,665,465 | |

**KING YUAN ELECTRONICS CO., LTD.**

**4.STATEMENT OF TRADE RECEIVABLES FROM RELATED PARTIES**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Client Name | Description | Amount | Note |
|---|---|---|---|
| MediaTek Inc. | | $1,684,375 | |
| Mediatek Singapore Pte. Ltd. | | 618,985 | |
| Airoha Technology Corp. | | 205,051 | |
| Airoha Technology (Suzhou) Limited | | 18,036 | |
| Richtek Technology Corp. | | 9,878 | |
| Others | The amount of each item in "Others" does not exceed NT$1,000 thousand. | 1,033 | |
| Total | | $2,537,358 | |

**KING YUAN ELECTRONICS CO., LTD.**

**5.STATEMENT OF OTHER RECEIVABLES**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Client Name | Description | Amount | Note |
|---|---|---|---|
| Other receivables | | $451,469 | |
| Interest receivable | | 1,533 | |
| Tax refund | | 248,768 | |
| Total | | 701,770 | |
| Less: loss allowance | | - | |
| Net | | $701,770 | |

**KING YUAN ELECTRONICS CO., LTD.**

**6.STATEMENT OF OTHER RECEIVABLES FROM RELATED PARTIES**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Client Name | Description | Amount | Note |
|---|---|---|---|
| MediaTek Inc. | | $54,197 | |
| Others | The amount of each item in “Others” does not exceed NT$1,000 thousand. | 540 | |
| Total | | $54,737 | |

**KING YUAN ELECTRONICS CO., LTD.**

**7.STATEMENT OF INVENTORIES, NET**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | | Note |
|---|---|---|---|---|
| | | Cost | market price | |
| Raw materials | | $940,424 | $1,002,189 | Inventory are valued at lower of cost and net realized value. |
| Work in process | | 262,434 | 277,515 | |
| Total | | $1,202,858 | $1,279,704 | |
| Less: allowance for inventory valuation and obsolescence losses | | (44,146) | | |
| Net | | $1,158,712 | | |

**KING YUAN ELECTRONICS CO., LTD.**

**8.STATEMENT OF OTHER CURRENT ASSETS**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Payments on behalf of others | | $19,348 | |
| Temporary payments | | 3,696 | |
| Total | | $23,044 | |

**KING YUAN ELECTRONICS CO., LTD.**
**9.STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHESIVE INCOME-NON-CURRENT**
**For the year ended December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Securities Name | Balance, January 1, 2025 | | | | Increase in 2025 | | Decrease in 2025 | | Unrealized gain or loss on financial assets at fair value through other comprehensive income | Balance, December 31, 2025 | | Assets pledged as collateral | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Cost of an investment | Unrealized gain or loss | Fair Value | Shares | Amount | Shares | Amount | | Shares | Fair value | | |
| Shieh Yong Investment Co., Ltd. | 158,011,344 | $500,000 | $861,867 | $1,361,867 | - | $- | (4,522,742) (Note 1) | $- | $136,322 | 153,488,602 | $1,498,189 | N/A | |
| APM Communication, Inc. | 10,456 | 23,427 | (23,427) | - | - | - | - | - | - | 10,456 | - | N/A | |
| Greenliant Systems, Ltd. | 2,333,333 | 30,300 | (30,300) | - | - | - | - | - | - | 2,333,333 | - | N/A | |
| YANN YUAN Investment Co., Ltd. | 127,500,000 | 1,275,000 | 3,649,187 | 4,924,187 | - | - | - | - | 1,787,673 | 127,500,000 | 6,711,860 | N/A | |
| Movella Holding Inc. | 258,419 | 44,880 | (44,710) | 170 | - | - | - | - | (161) | 258,419 | 9 | N/A | |
| Baas Innovation Co., Ltd. | 315,999 | 15,275 | (4,705) | 10,570 | - | - | - | - | 16,227 | 315,999 | 26,797 | N/A | |
| Unimicron Technology Corp. | 203,045 | 7,983 | 20,646 | 28,629 | - | - | - | - | 16,041 | 203,045 | 44,670 | N/A | |
| CAL-COMP INDÚSTRIA DE SEMICONDUTORES S.A. | 11,965,500 | 45,711 | (1,797) | 43,914 | - | - | (11,965,500) | (53,253) | 9,339 | - | - | N/A | |
| Total | | $1,942,576 | $4,426,761 | $6,369,337 | | $- | | $(53,253) | $1,965,441 | | $8,281,525 | | |

Note 1: The shareholder meeting of Shieh Yong Investment Co., Ltd. approved a resolution to reduce it capital in cash in 2025.

**KING YUAN ELECTRONICS CO., LTD.**

**10.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

**For the year ended December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Investees | Balance, January 1, 2025 | | Increase in 2025 | | Decrease in 2025 | | Investment income (loss) | Cumulative translation adjustment | Capital surplus adjustment | Balance, December 31, 2025 | | | Market value or net assets value | | Assets pledged as collateral | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | Shares | % | Amount | Unit price | Total amount | | |
| KYEC USA Corp. | 160,000 | $16,529 | - | $- | - | $- | $1,828 | $(700) | $- | 160,000 | 100.00% | $17,657 | $110.36 | $17,657 | N/A | |
| KYEC Investment International Co., Ltd. | 164,923,636 | 15,260,076 | - | - | - | (12,643,417) | 3,264,469 | (415,619) | 2,995 | 164,923,636 | 100.00% | 5,468,504 | 33.16 | 5,468,504 | N/A | Note 1 |
| KYEC Technology Management Co., Ltd. | 7,500,000 | 971,202 | - | - | (7,500,000) | (1,164,786) | 212,323 | (18,929) | 190 | - | - | - | - | - | N/A | |
| KYEC Japan K.K. | 1,899 | 74,264 | - | - | - | - | 3,611 | (3,425) | - | 1,899 | 89.83% | 74,450 | 39,204.86 | 74,450 | N/A | |
| KYEC SINGAPORE PTE. LTD. | 78,000 | 13,525 | 100,000,000 | 2,366,016 | - | - | (22,147) | 79,231 | - | 100,078,000 | 100.00% | 2,436,625 | 24.35 | 2,436,625 | N/A | |
| Fixwell Technology Corp. | 2,800,000 | 65,389 | - | - | - | (3,360) | 32,225 | - | - | 2,800,000 | 23.33% | 94,254 | 33.67 | 94,254 | N/A | Note 1 |
| Wei Jiu Industrial Co., Ltd. | 1,020,000 | 34,338 | - | - | - | (4,080) | 10,420 | - | - | 1,020,000 | 34.00% | 40,678 | 43.09 | 40,678 | N/A | Note 1 |
| Subtotal | | 16,435,323 | | 2,366,016 | | (13,815,643) | 3,502,729 | (359,442) | 3,185 | | | 8,132,168 | | | | |
| Less: deferred credits | | (155,067) | | (7,690) | | 162,757 | - | - | - | | | - | | | | |
| Total | | $16,280,256 | | $2,358,326 | | $(13,652,886) | $3,502,729 | $(359,442) | $3,185 | | | $8,132,168 | | | | |

Note 1: The decrease amount is due to the cash dividends received.

**KING YUAN ELECTRONICS CO., LTD.**

**11.STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT**

**For the year ended December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

A. Please refer to Note 6(8) for more details of the changes in property, plant and equipment and accumulated depreciation of property, plant and equipment.

B. Please refer to Note 8 for property, plant and equipment under pledges.

C. Details of transfer are as following:

| | |
|---|---|
| Transferred to prepayments | $(279,557) |
| Transferred to intangible assets | $- |

D. Depreciation expense details are as following:

| | |
|---|---|
| Operating costs | $6,864,206 |
| Selling expenses | 2,021 |
| Administrative expenses | 584,377 |
| Research and development expenses | 32,293 |
| Total | $7,482,897 |

**KING YUAN ELECTRONICS CO., LTD.**

**12.STATEMENT OF RIGHT-OF-USE ASSETS AND**

**ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS**

**For the year ended December 31, 2025**

**In Thousands of New Taiwan Dollars)**

| Item | Balance, January 1, 2025 | Increase in 2025 | Decrease in 2025 | Balance, December 31, 2025 | Note |
|---|---|---|---|---|---|
| Acquisition costs | | | | | |
| Land | $523,235 | $- | $- | $523,235 | |
| Buildings and facilities | 633,609 | 918,335 | - | 1,551,944 | |
| Transportation equipment | 15,137 | 1,306 | - | 16,443 | |
| Total costs | 1,171,981 | 919,641 | - | 2,091,622 | |
| Accumulated depreciation | | | | | |
| Land | $111,622 | $18,781 | $- | $130,403 | |
| Buildings and facilities | 17,372 | 222,472 | - | 239,844 | |
| Transportation equipment | 9,103 | 3,022 | - | 12,125 | |
| Total accumulated depreciation | 138,097 | 244,275 | - | 382,372 | |
| Book value | $1,033,884 | $675,366 | $- | $1,709,250 | |

**KING YUAN ELECTRONICS CO., LTD.**

**13.STATEMENT OF INTANGIBLE ASSETS AND OTHER ASSETS-NON-CURRENT**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | | |
|---|---|---|---|---|
| | | Subtotal | Total | |
| Intangible assets | | | $9,180 | Please refer to Note 6(9) for more details on intangible assets. |
| Refundable deposits | Factory rental deposit | $56,050 | | |
| | Prepaid Guild Design Fee for Building Permit Attachments | 6,246 | | |
| | Golf club membership deposit | 3,000 | | |
| | Soil and Water Conservation Deposit | 1,530 | | |
| | Others | 1,337 | $68,163 | |
| Other financial assets-non-current | Customs deposit and collateral for financial institution borrowings | | $203,235 | Please refer to Note 8 for more details. |

**KING YUAN ELECTRONICS CO., LTD.**

**14.STATEMENT OF NOTES PAYABLE**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Vendor name | Description | Amount | Note |
|---|---|---|---|
| Coretronic Intelligent Cloud Service Corporation | | $4,895 | |
| Fubon Insurance Co., Ltd. | | 340 | |
| Others | The amount of each item in “Others” does not exceed 5% of the account balance or does not exceed NT$100 thousand. | 1,122 | |
| Total | | $6,357 | |

**KING YUAN ELECTRONICS CO., LTD.**

**15.STATEMENT OF ACCOUNTS PAYABLE**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Vendor name | Description | Amount | Note |
|---|---|---|---|
| Hong Bong Precision Co., Ltd. | | $107,837 | |
| Chipsour Technology Inc. | | 65,716 | |
| Arrow Electronics Taiwan Ltd. | | 66,695 | |
| Macnica Anstek Inc. | | 60,728 | |
| Others | The amount of each item in "Others" does not exceed 5% of the account balance. | 557,860 | |
| Total | | $858,836 | |

KING YUAN ELECTRONICS CO., LTD.

16.STATEMENTS OF PAYABLES TO RELATED PARTIES

December 31, 2025

(In Thousands of New Taiwan Dollars)

| Vendor name | Description | Amount | Note |
|---|---|---|---|
| Wei Jiu Industrial Co., Ltd. | | $43,896 | |

**KING YUAN ELECTRONICS CO., LTD.**

**17.STATEMENT OF OTHER PAYABLES**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Accrued payroll | | $468,755 | |
| Accrued bonuses | | 603,384 | |
| Accrued employees' compensation and remuneration to directors | | 1,334,993 | |
| Accrued untaken annual leave | | 71,207 | |
| Accrued labor and health insurance expense | | 138,757 | |
| Accrued pension expense | | 58,079 | |
| Accrued accessories expense | | 489,850 | |
| Accrued utilities expense | | 284,397 | |
| Accrued interest | | 31,722 | |
| Others | | 1,682,541 | Note |
| Total | | $5,163,685 | |

Note：Mainly indirect supplies.

**KING YUAN ELECTRONICS CO., LTD.**

**18.STATEMENT OF OTHER PAYABLES TO RELATED PARTIES**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Related parties | Description | Amount | Note |
|---|---|---|---|
| Wei Jiu Industrial Co., Ltd. | | $51,632 | |
| Fixwell Technology Corp. | | 46,296 | |
| KYEC USA Corp. | | 13,523 | |
| KYEC Japan K.K. | | 3,074 | |
| Richtek Technology Corporation | | 3,324 | |
| Others | The amount of each item in “Others” does not exceed NT$1,000 thousand. | 286 | |
| Total | | $118,135 | |

## KING YUAN ELECTRONICS CO., LTD.

## 19.STATEMENT OF PAYABLES TO EQUIPMENT SUPPLIERS

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Vendor name | Description | Amount | Note |
|---|---|---|---|
| Hon. Precision, Inc. | | $594,175 | |
| TOKYO ELECTRON LIMITED | | 454,973 | |
| Teradyne (Asia) Pte Ltd | | 420,232 | |
| Jiaxing Technology Engineering Co., Ltd. | | 207,302 | |
| Xuan Tong System Integration Co., Ltd. | | 163,080 | |
| Others | The amount of each item in “Others” does not exceed 5% of the account balance. | 1,213,553 | |
| Total | | $3,053,315 | |

# KING YUAN ELECTRONICS CO., LTD.

## 20.STATEMENT OF LEASE LIABILITIES

## December 31, 2025

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Period | Discount rate | Balance, December 31, 2025 | Note |
|---|---|---|---|---|---|
| Land | | 20 years | 1.88-2.23% | $417,158 | |
| Buildings and facilities | | 1 to 5 years | 1.50-2.23% | 1,342,800 | |
| Transportation equipment | | 1 year | 1.76% | 2,315 | |
| | | | | $1,762,273 | |
| Less: current portion | | | | (347,770) | |
| Lease liabilities-non-current | | | | $1,414,503 | |

**KING YUAN ELECTRONICS CO., LTD.**

**21.STATEMENT OF OTHER CURRENT LIABILITIES**

**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Receipts on behalf of others | | $1,515,052 | |
| Allowance for sales returns and discounts | | 236,418 | |
| Temporary receipts | | 56,775 | |
| Unearned receipts | | 72 | |
| Total | | $1,808,317 | |

**KING YUAN ELECTRONICS CO., LTD.**
**22.STATEMENT OF LONG-TERM LOANS**
**December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Creditor | Description | Loan amount | Contract period | Range of interest rates | Terms of repayment | Note |
|---|---|---|---|---|---|---|
| HSBC Taiwan Bank | Unsecured loans | $2,002,880 | 2025/10/27-2028/09/30 | 1.85-4.46% | Please refer to Note 6(11) for more details. | |
| Cathay United Bank | Unsecured loans | 2,274,330 | 2025/11/11-2028/09/24 | 1.88-4.41% | | |
| Bank of China | Unsecured loans | 1,000,000 | 2025/10/08-2027/10/07 | 1.89% | | |
| Bank of Communications | Unsecured loans | 300,000 | 2025/05/14-2028/05/14 | 1.83% | | |
| Land Bank of Taiwan | Unsecured loans | 900,000 | 2025/03/04-2027/03/04 | 1.85% | | |
| DBS Bank of Taiwan | Unsecured loans | 600,000 | 2025/06/02-2027/06/02 | 1.88% | | |
| First Bank | Unsecured loans | 2,000,000 | 2024/08/23-2029/08/23 | 1.94% | | |
| Shanghai Commerical Bank | Unsecured loans | 471,450 | 2024/03/10-2027/03/10 | 4.24% | | |
| Shanghai Commerical Bank | Unsecured loans | 754,549 | 2025/12/03-2028/12/03 | 4.34% | | |
| Mega Bank | Unsecured loans | 125,720 | 2025/12/29-2027/12/28 | 3.96% | | |
| Mega Bank | Unsecured loans | 1,500,000 | 2022/03/15-2028/03/15 | 1.99% | | |
| Mega Bank | Unsecured loans | 951,127 | 2025/11/07-2031/11/07 | 4.34% | | |
| Yuanta Commercial Bank | Unsecured loans | 1,000,000 | 2024/08/21-2027/08/20 | 1.85% | | |
| Yuanta Commercial Bank | Unsecured loans | 1,400,000 | 2025/03/03-2028/03/02 | 1.85% | | |
| Yuanta Commercial Bank | Unsecured loans | 940,027 | 2023/10/11-2027/10/11 | 4.42% | | |
| Yuanta Commercial Bank | Unsecured loans | 773,787 | 2024/08/30-2028/08/30 | 4.35% | | |
| Yuanta Commercial Bank | Unsecured loans | 267,170 | 2025/03/28-2029/03/28 | 4.17% | | |
| Taipei Fubon Commercial Bank | Unsecured loans | 400,000 | 2024/11/01-2029/10/31 | 1.50% | | |
| Bank of Taiwan and 14 others (Note 1) | Mortgage bank loans | 2,400,000 | 2024/05/06-2029/05/06 | 2.25% | | Please refer to Note 8 for more details on collateral. |
| Bank of Taiwan and 14 others (Note 1) | Commercial Paper | 9,600,000 | 2024/05/06-2029/05/06 | 2.15-2.21% | | |
| First Bank and 17 others (Note 2) | Mortgage bank loans | 50,000 | 2025/07/09-2030/07/09 | 2.24% | | Please refer to Note 8 for more details on collateral. |
| First Bank and 17 others (Note 2) | Commercial Paper | 600,000 | 2025/07/09-2030/07/09 | 2.14% | | |
| Total | | 30,311,040 | | | | |
| Less: current portion | | - | | | | |
| Less: arrangement fee | | (20,640) | | | | |
| Less: Long-term coupon discount and amortization | | (15,535) | | | | |
| Long-term loans | | $30,274,865 | | | | |

Note 1: The Company entered into a syndicated loan agreement in the amount of 12 billion with 14 banks including Bank of Taiwan (lead bank), Mega International Commercial Bank, Taipei Fubon Commercial Bank, E.Sun Commercial Bank, Hua Nan Commercial Bank, Land Bank of Taiwan, First Commercial Bank, Taiwan Business Bank, SinoPac Bank, Taishin Commercial Bank, Shanghai Commerical Bank, Yuanta Commercial Bank, Agricultural Bank of Taiwan, Far Eastern Bank.

Note 2: The Company entered into a syndicated loan agreement in the amount of 16.8 billion with 17 banks including First Bank (lead bank), Bank of Taiwan, Taipei Fubon Commercial Bank, Mega International Commercial Bank, Land Bank of Taiwan, Hua Nan Commercial Bank, Chang Hwa Commercial Bank, Shanghai Commerical Bank, Cathay United Bank, Agricultural Bank of Taiwan, Taichung Commercial Bank, Far Eastern Bank, Yuanta Commercial Bank, SinoPac Bank, E. Sun Commercial Bank, Taishin Commercial Bank, Taiwan Business Bank.

**KING YUAN ELECTRONICS CO., LTD.**

**23.STATEMENT OF REVENUES**

**For the year ended December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Assembly and testing processing revenue | | $31,258,002 | |
| Revenue from rental of machinery | | 2,317,636 | |
| Rental income from property | | 78,891 | |
| Other operating revenue | | 1,278,330 | |
| Total revenue | | $34,932,859 | |

**KING YUAN ELECTRONICS CO., LTD.**

**24.STATEMENT OF COSTS OF GOODS SOLD**

**For the year ended December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Costs of goods sold | | | |
| Raw materials used | | | |
| Balance, beginning of the year | | $633,898 | |
| Add： purchases (net) | | 3,268,487 | |
| Less： indirect consumables | | (14,897) | |
| Less： transfer to other expenses | | (696,832) | |
| Less： loss of inventory scrap | | (32,248) | |
| Less： sale of raw materials | | (7,114) | |
| Less： ending balance of the year | | (940,424) | |
| Current consumption | | 2,210,870 | |
| Direct labor | | 2,797,024 | |
| Manufacturing overhead | | 19,381,881 | |
| Manufacturing costs | | 24,389,775 | |
| Add： work in process, beginning of the year | | 289,069 | |
| Add： purchase for production consumables | | 71,781 | |
| Less： transfer to unfinished working orders | | 128,989 | |
| Less： transfer to other repair expenses | | (805,784) | |
| Less： loss of inventory scrap | | (4,557) | |
| Less： work in process, ending balance of the year | | (262,434) | |
| Cost of finished goods | | 23,806,839 | |
| Add： finished goods, beginning of the year | | - | |
| Less： finished goods, end of the year | | - | |
| Less： transfer to processing costs | | (21,950,921) | |
| Less： transfer to property, plant and equipments | | (1,408,678) | |
| Costs of goods sold | | 447,240 | |
| Processing costs | | 21,950,921 | |
| Sale of raw materials | | 7,114 | |
| Loss of inventory scrap | | 36,805 | |
| Inventory valuation and obsolescence reversal gain | | (30,705) | |
| Operating costs | | $22,411,375 | |

**KING YUAN ELECTRONICS CO., LTD.**

**25.STATEMENT OF MANUFACTURING OVERHEAD**

**For the year ended December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Depreciation | | $6,864,206 | |
| Indirect labor | | 4,260,444 | |
| Repairs and maintenance | | 2,144,600 | |
| Utilities expense | | 3,324,636 | |
| Consumable materials | | 744,604 | |
| Others | The amount of each item in "Others" does not exceed 5% of the account balance. | 2,043,391 | |
| Total | | $19,381,881 | |

**KING YUAN ELECTRONICS CO., LTD.**

**26.STATEMENT OF SELLING EXPENSES**

**For the year ended December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Payroll expense | | $226,228 | |
| Commission expense | | 149,394 | |
| Others | The amount of each item in “Others” does not exceed 5% of the account balance. | 95,681 | |
| Total | | $471,303 | |

**KING YUAN ELECTRONICS CO., LTD.**

**27.STATEMENT OF ADMINISTRATIVE EXPENSES**

**For the year ended December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Payroll expense | | $726,419 | |
| Depreciation | | 584,377 | |
| Repairs and maintenance | | 142,078 | |
| Utilities expense | | 181,938 | |
| Others | The amount of each item in "Others" does not exceed 5% of the account balance. | 463,410 | |
| Total | | $2,098,222 | |

**KING YUAN ELECTRONICS CO., LTD.**

**28.STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES**

**For the year ended December 31, 2025**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Payroll expense | | $484,803 | |
| Utilities expense | | 54,418 | |
| Others | The amount of each item in "Others" does not exceed 5% of the account balance. | 391,039 | |
| Total | | $930,260 | |

29. Please refer to note 6(17) for more details on employee benefit, accumulated depreciation, and amortization.