

Stock Code : 4571



**KHGEARS INTERNATIONAL LIMITED**

## **2025 Annual Report**

Printed on April 21, 2026

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**Spokesperson, Deputy spokesperson:**

Name of Spokesperson: Chang, Chao-Wen  
 Tel: (+886)988-457199

Title: CFO

Email: ir@khgears.com

Name of Deputy spokesperson: Chen, Kou-Kang  
 Tel: (+886)2-2703-4571

Title: Accounting Officer

Email: ir@khgears.com

**Company Information:**

Head office: KHGEARS INTERNATIONAL LIMITED Tel: (+886)2-2703-4571

Address: Portcullis (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands

Subsidiary:

KWOK HING (CHINA) DEVELOPMENT LIMITED Tel: (+86)756-3971-888

Address: 1/F, 107 Lai Chi Kok Road, Kowloon, Hong Kong

FORCEFIVE LIMITED

Tel: (+86)756-3971-888

Address: Potrcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa

FORCEFIVE LIMITED, TAIWAN BRANCH

Tel: (+886)2-2703-4571

Address: 4F-3, No. 106, Sec. 3, Xinyi Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)

Zhuhai KwunHing Machinery & Electronic Co., Ltd.

Tel: (+86)756-3971-888

Address: No. 6 South, Zhufeng Road, Qianwu Town, Doumen District, Zhuhai City, Guangdong, P.R. China

KHGEARS LIMITED

Tel: (+886)2-2703-4571

Address: 4F-3, No. 106, Sec. 3, Xinyi Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)

KHGEARS VIETNAM CO., LTD

Address: D.04 Street, Chau Duc Industrial Park, Trung Nghia Hamlet, Nghia Thanh Commune, Chau Duc District, Ho Chi Minh City, Vietnam

**Stock Transfer Agent:**

Name: Sinopac Securities Common Stock Transfer Agent

Address: 3F, No. 7, Bo'ai Road., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)

Website: <https://securities.sinopac.com>

Tel: (+886)2-2381-6288

**Auditors:**

Tsia, Yu-Ling and Chen, Chun-Hung of Deloitte & Touche

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei, 11073, Taiwan (R.O.C.)

Website: <https://www.deloitte.com.tw>

Tel: 886 2 2725 9988

**Name of overseas securities dealers and methods to inquire into overseas securities:** NA

**Company Website:** <https://www.khgears.com>

**Directors:**

Title	Name	Nation	Major experience / academic background
Chairman	KWOK HING GLOBAL LIMITED		Please refer to pages 10-12 for the information on the directors.
Representative	Ko Kowk Hing	Hong Kong	
Vice Chairman	Wu, Chin-Jung	ROC	
Director	Chung, Chao-Wen	ROC	
Director	Tu, Chun-Hui	ROC	
Independent Director	Chou, Tsung-Nan	ROC	
Independent Director	Huang, Sheng-Lung	ROC	
Independent Director	Chou, Huei-Yu	ROC	

**Litigation and Non-litigated Agent:**

Name: Chung, Chao-Wen

Tel: (+886)2-2703-4571

Title: CEO

Email: ir@khgears.com

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## Chapter I Letter to Shareholders

### 1. 2025 Business outcome

- (1) Business plan implementation outcome: comparison of operating results (consolidated profit and loss)

Unit: NT\$ thousand

Item	2025	2024	Add (Less) Amount	Ratio of Changes (%)
Operating revenue	3,064,957	3,061,903	3,054	0.10%
Operating costs	2,060,545	2,115,426	(54,881)	(2.59)%
Gross profit from operations	1,004,412	946,477	57,935	6.12%
Operating expenses	472,642	463,531	9,111	1.97%
Operating income	531,770	482,946	48,824	10.11%
Non-operating income and expenses	33,900	99,456	(65,556)	(65.91)%
Profit before tax	565,670	582,402	(16,732)	(2.87)%
Profit after tax	497,981	476,674	21,307	4.47%

- (2) Budget execution: The Company has no publicly disclosed financial forecast for 2025, so it is not applicable.
- (3) Financial analysis of revenues, expenditures, and profitability (consolidated statements)

Item		2025	2024	
Financial structure analysis	Liabilities to assets ratio (%)	21.31%	24.98%	
	Ratio of long-term capital to property, plant and equipment (%)	344.09%	306.82%	
Analysis on solvency	Current ratio(%)	370.68%	313.60%	
	Quick ratio(%)	300.43%	238.37%	
Analysis on profitability	Return rate on assets (%)	12.61%	13.02%	
	Return rate on shareholders, equity (%)	16.39%	17.25%	
	Ratio in paid-in capital	Operating income (%)	100.30%	91.09%
		Net profit before tax (%)	106.70%	109.85%
	Net profit rate (%)	16.25%	15.57%	
Earnings per share (NT\$)	9.61	9.21		

- (4) Performance in research & development

Since its establishment, the Group has been constantly pursuing practicality, innovation,

and progress. After more than ten years of unremitting efforts, it has provided design, manufacture, and sales services for shafts and gears required by many industries. It can manufacture bevel gears, cylindrical gears, powder metal gears, gearboxes, harmonic reducers, and more. Its serving industries include power tools, garden tools, industrial sewing machines, yacht industry, automobiles, medical machinery, and industrial robots. Specializing in the production of customized gears and harmonic reducers, it has grown into a major company in the industry. The Group's engineering R&D department participates in the design and R&D of customer parts, achieves a deeper connection with customers, and develops "tailored" designs based on customer needs, while providing customers with professional design solutions and one-to-one professional engineering and technical after-sales services, achieving mutual assistance and benefit, create a win-win situation, and increasing the added value of the Company's technical services. In 2020, it transferred investment to establish a Taiwan subsidiary, Khgears Limited, and set up an R&D center in Taichung to be responsible for the R&D and integration of a new product mid-drive motor. In 2024, the Group invested a total of NT\$127,595 thousand in R&D, accounting for 4.16% of its consolidated revenue. As of the end of 2025, the Group's R&D department had 80 employees. The Group acquired 13 new patents in 2025. The intellectual property still valid as of the end of 2025 includes: 19 invention patents, 97 utility model patents, 1 design patent, 4 software copyrights, and 13 trademarks.

## 2. 2026 Business plan outline

### (1) Business strategy

Khgears Group has been deeply involved in the gear industry for many years. It adheres to the business philosophy of "integrity, professionalism, innovation, and meeting customer needs" and carefully selects customers and orders to enter various industries with the niche of high quality, short delivery time, and excellent prices. The supply chain of the mid-to-high-end product lines of major international brands is aimed at avoiding complete price competition for products, enabling better profits, and being able to invest more resources in the technology, equipment, and talents needed for the Company's future development, and strengthen our competitiveness. By providing customers with better products and services, the Group aims to foster a positive development of mutual benefit and win-win outcomes for both the Group and its customers.

### (2) Expected sales and basis of estimation

The Group mainly sells customized all-steel gears, powder metal gears, gearboxes, precision hardware, and harmonic reducers to customers. In order to meet the different needs of different customers and different products, product development, prototyping, and testing are often carried out in 6 to 18 months. The development and customer testing of some products such as harmonic reducers take longer. Based on the global economic outlook, changes in the industrial operating environment, market supply, demand, and

competition, as well as taking into account many factors such as the progress of existing customer businesses and the development progress of new products and new customers, it is estimated that product sales in 2026 will be higher than in 2025.

(3) Important production and marketing policies

- A. Continuously optimize the Company's production and supply chain system under the new economic background, and continuously evaluate and improve the quality of the supply system from aspects such as quality, cost, manufacturing process, and fixture optimization. Continuously improve the Company's internal production system from aspects such as efficiency, wisdom, and leanness to continue to satisfy and promote our business development.
- B. Continuously review and improve the Company's quality management, and strengthen the implementation of quality management in processes such as blank mold procurement, manufacturing processes, and more.
- C. We have business personnel who are familiar with the full range of products, as well as technical engineers who are proficient in product production, assembly, and testing. This allows us to provide in-depth services to customers through collaborative operations, assisting our business colleagues in obtaining customer orders and rapidly expanding the market.
- D. The Group's second production base was established in Vietnam to gradually meet customers' global supply needs.

3. Future development strategy

With years of experience in gear design, manufacturing, and sales, and excellent customer service, the Group has successfully entered the supply chains of high-end product lines of major international brands across various industries. We will continue to deepen our existing expertise, expand our order share with existing clients, and continuously develop new customers. In addition to our existing products, we are actively developing applications for harmonic reducers, such as industrial robots and electric-assisted bicycles (E-Bikes). We have established an R&D team in Taichung, collaborating and dividing tasks with our existing R&D department in Zhuhai, to develop mid-drive motors. In 2025, our HX200 mid-drive motor was successfully developed and officially put into mass production and sales. The product has been favored by many domestic and international manufacturers and has begun to be incorporated into the development of new E-Bike models for our clients. Furthermore, in the robotics field, we are actively entering the Japanese market, seeking strategic alliance opportunities to quickly increase our sales of intelligent transmission products, making it another major product line for the company in the future. This will allow Junxing to become one of the world's most competitive manufacturers of core components for gear transmission applications and high-end intelligent products.

4. The impact of external competition, the legal environment, and the overall business environment

(1) Impact of the external competitive environment

The Group has many years of professional experience in the industry, and its excellent products have been recognized by customers. It is currently operating in good condition and its revenue is growing year by year. The Group will continue to develop new products and improve process technology to respond to market demand and strengthen its competitiveness.

(2) Impact of regulatory

The country where the Company is registered is the Cayman Islands. As of the end of 2025, the countries and regions where the group companies are registered and operating include Samoa, Mainland China, Hong Kong, Taiwan, and Vietnam. The business of each company in the Group is operated in accordance with the important policies and legal regulations of the country and region where they are located, and they should pay attention to important policy development trends and legal changes at any time. If there are any changes, they should consult lawyers, CPAs, and other relevant units, or ask them to evaluate and plan response measures, so as to respond to changes in the market environment timely and take appropriate countermeasure.

(3) The impact of the overall business environment:

The Group's sales customers are located worldwide. Taking into account the long-term business strategy of globalization, the Company has established a subsidiary in Vietnam as the Group's second production base. With a global business layout, it can meet customer needs and diversify operational risks that may be caused by geopolitical, tariff and non-tariff issues.

Chairman: KWOK HING GLOBAL LIMITED  
Representative: Ko Kowk Hing

## Chapter II Company Profile

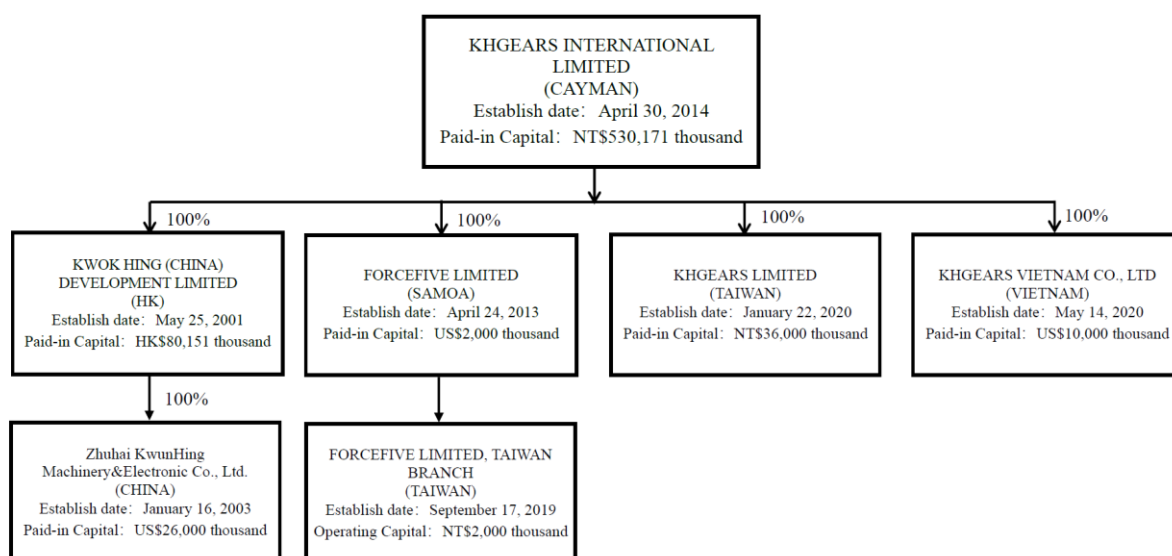
### I. Date of founding and overview of group

KHGEARS INTERNATIONAL LIMITED (hereinafter referred to as the company, the group or KHGEARS) is a holding company established in the British Cayman Islands on April 30, 2014. Its main business activities include R&D, manufacturing and sales of gears and gearbox. The registered countries and main functions of the company and its subsidiaries and branches within the group are as follows:

Name	Date of establishment	Register country/place	Main function with the group
KHGEARS INTERNATIONAL LIMITED	2014.04.30	Cayman	Holding Company
KWOK HING (CHINA) DEVELOPMENT LIMITED	2001.05.25	Hong Kong	Holding Company
FORCEFIVE LIMITED	2013.04.24	Samoa	Sales of gears and gearbox and holding company
FORCEFIVE LIMITED, TAIWAN BRANCH	2019.09.17	Taiwan	Sales of gears and gearbox
Zhuhai KwunHing Machinery&Electronic Co., Ltd.	2003.01.16	China	R&D, manufacturing and sales of gears and gearbox
KHGEARS LIMITED	2020.01.22	Taiwan	R&D, manufacturing and sales of gears and gearbox
KHGEARS VIETNAM CO., LTD	2020.05.14	Vietnam	R&D, manufacturing and sales of gears and gearbox

### II. Structure of the Group

March 31, 2026



### III. Company History

Year	Important event
2001	Established KWOK HING (CHINA) DEVELOPMENT LIMITED
2003	Established Zhuhai KwunHing Machinery&Electronic Co., Ltd. Brand “KHGEARS” was created
2004	Invested in the production of cylindrical gears, helical gears, worm gears, gears for special sewing machines
2005	Invested and established the Heat Treatment Division and introduced the German IPSEN heat treatment furnace
2008	Invested in the production of small and medium modulus spiral bevel gears and expanded into the fields of yachts, ATVs, SUVs, etc. Invested in research and development and production of special hooks for German Dukepu sewing machines
2009	Invested in the production of powder metallurgy gears and established a good foundation for the company to develop towards all-round gears
2010	Invested in top gear profile detection equipment-P26 Cooperate with Taiwan industry and university to jointly research and possess powder metallurgy gear modification technology
2013	Established Forcefive Limited in Samoa
2014	Began to invest in the development of robot and robot arm gears, automotive gearbox gears and gearboxes Established KHGEARS INTERNATIONAL LIMITED in British Cayman islands
2015	Zhuhai KwunHing Machinery&Electronic Co., Ltd. was rated as a high-tech enterprise in Guangdong Province
2017	Guangdong Provincial Science and Technology Department awarded Zhuhai KwunHing Machinery&Electronic Co., Ltd. the "Engineering Technology Research Center for Harmonic Reducer of Core Components for Industrial Robots" Zhuhai Science and Technology Bureau and Zhuhai Development and Reform Bureau awarded Zhuhai Junxing Industrial Robot Harmonic Reducer Engineering Technology Research and Development Center to Zhuhai KwunHing Machinery & Electronic Co., Ltd.
2018	KHGEARS INTERNATIONAL LIMITED’s capital value denomination changed from US\$1 to NT\$10, and paid-in capital was changed to NT\$ 420,000 thousand
2019	The company is listed on the Taiwan Stock Exchange Established Forcefive Limited, Taiwan Branch in Taiwan
2020	Established KHGEARS LIMITED in Taiwan
	Established KHGEARS VIETNAM CO., LTD in Vietnam
2021	Established R&D Center in Taichung City Precision Machinery Innovation Technology Park.
	Issued 5,000 thousand shares of new shares for cash capital increase.
2022	Cash capital increase of USD 5,000,000 to Vietnamese subsidiary KHGEARS VIETNAM CO., LTD
	Cash capital increase of NT\$30,000,000 to Taiwan subsidiary KHGEARS LIMITED
	Vietnam subsidiary KHGEARS VIETNAM CO., LTD obtained ISO9001 quality management system certification
2023	Vietnam subsidiary KHGEARS VIETNAM CO., LTD obtained ISO14001 environmental management system certification

2024	Cash capital increase of NT\$30,000,000 to Taiwan subsidiary KHGEARS LIMITED
2025	The HX200 mid-drive motor system has officially entered mass production and begun shipping.
2026	Cash capital increase of NT\$80,000,000 to Taiwan subsidiary KHGEARS LIMITED

**IV. Risks : Please refer to "VI. Risks" in "Chapter VI. Review, analysis and risk assessment of financial position and performance ".**

## Chapter III Corporate Governance Report

### I. Information on the directors and main managerial officers

a. Directors information (KHGEARS has not appointed any supervisors):

March 31, 2024, Unit: 1000 shares; %

Title	Nationality or place of registration	Name	Gender Age	Date of election	Length of term	Date of first election	Shares held when elected		Shares currently held		Shares held by spouse or minor children		Shares held by spouse or minor children		Main experience and academic background	Positions currently assumed in KHGEARS and other companies	Executive, Directors or Supervisors who are spouse or within 2 degree of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Samoa	KWOK HING GLOBAL LIMITED	-	2024/05/29	3 years	2014/04/30	6,638	12.52	6,638	12.52	-	-	-	-	-	-	-	-	-
	Hong Kong	Ko Kowk Hing	Male Over 71				-	-	-	-	6,638 (Note1)	12.52	Renshan Middle School Founding Director of Hong Kong Apparel Machinery Association Vice Chairman of Hong Kong Apparel Machinery Association	Director of KWOK HING GLOBAL LIMITED Chairman of Kwok Hing Sewing Machine Co. Director of KWOK HING (CHINA) DEVELOPMENT LIMITED Chairman of Zhuhai KwunHing Machinery&Electronic Co., Ltd.	-	-	-		
Vice Chairman	ROC	Wu, Chin-Jung	Male Under 60	2024/05/29	3 years	2014/04/30	414	0.78	414	0.78	-	-	3,972 (Note2)	7.49	MBA of University of Northern Virginia President of Zhuhai City Doumen District Guanxing Industrial Co., Ltd.	Chief Strategy Officer of KHGEARS Director of Forcefive Limited Director of Zhuhai KwunHing Machinery&Electronic Co., Ltd. Director of Henry & Helen Company Limited	-	-	-
Director	ROC	Chung, Chao-Wen	Male Under 60	2024/05/29	3 years	2014/04/30	3	0.01	3	0.01	-	-	3,344 (Note3)	6.31	Bachelor of Dept. of Banking and Insurance of Shih Chien University President of Zhuhai City Doumen District Guanxing Industrial Co., Ltd.	Chief Executive Officer of KHGEARS Director and CEO of Forcefive Limited Director of KWOK HING (CHINA) DEVELOPMENT LIMITED Director and CEO of Zhuhai KwunHing Machinery & Electronic Co., Ltd. Director of Jibulu Company Limited	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of election	Length of term	Date of first election	Shares held when elected		Shares currently held		Shares held by spouse or minor children		Shares held by spouse or minor children		Main experience and academic background	Positions currently assumed in KHGEARS and other companies	Executive, Directors or Supervisors who are spouse or within 2 degree of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	ROC	Tu, Chun-Hui	Male 61-70	2024/05/29	3 years	2014/04/30	100	0.19	100	0.19	-	-	1,758 (Note4)	3.32	Bachelor of Dept. of Accounting of Tunghai University Sales VP of Kaulin Manufacturing Co. Ltd. Manager of Zhuhai City Doumen District Guanxing Industrial Co., Ltd.	General Manager of KHGEARS General Manager of Forcefive Limited Director and General Manager of Zhuhai KwunHing Machinery & Electronic Co., Ltd. Director of Jinjee Investment Company Limited	-	-	-
Independent Director	ROC	Chou, Tsung-Nan	Male 61-70	2024/05/29	3 years	2018/05/28	-	-	-	-	-	-	-	-	Bachelor of Dept. of Accounting of Tunghai University Assistant VP of Accounting Department of Everlight Electronics Co., Ltd.	Independent director of Edison Opto Corporation Independent director of Tons Lightology Inc. Independent director of Apistek Technology (Cayman) Ltd	-	-	-
Independent Director	ROC	Huang, Sheng-Lung	Male Under 60	2024/05/29	3 years	2018/05/28	-	-	-	-	-	-	-	-	Ph. D of Organization Behavior of Jinan University Senior VP of KGI Capital Asia Limited	Chairman of Sparkway Investments Limited Chairman, Everglow Investments Manager (Asia) Limited	-	-	-
Independent Director	ROC	Chou, Huei-Yu	Female Under 60	2024/05/29	3 years	2024/05/29	-	-	-	-	-	-	-	-	Master of Laws, Soochow University Vice President and Spokesman, Radium Life Tech Co., Ltd.	Independent Director, Finemat Applied Materials Co., Ltd. Independent Director, King's Metal Fiber Technologies Co. Ltd.	-	-	-

Note1: Ko Kowk Hing holds 52% of KWOK HING GLOBAL LIMITED, KWOK HING GLOBAL LIMITED holds 6,638 thousand shares of KHGEARS(12.52%)

Note2: Wu, Chin-Jung holds 100% of Henry & Helen Company Limited, Henry & Helen Company Limited holds 3,972 thousand shares of KHGEARS(7.49%)

Note3: Chung, Chao-Wen holds 100% of Jibulu Company Limited, Jibulu Company Limited holds 3,344 thousand shares of KHGEARS(6.31%)

Note4: Tu, Chun-Hui holds 100% of Jinjee Investment Company Limited, Jinjee Investment Company Limited holds 1,758 thousand shares of KHGEARS(3.32%)

b.Names of entities for institutional directors which are major shareholders (within the top 10 shareholders) and their percentage of shareholdings

March 31, 2026

Name of institutional directors	major shareholders
KWOK HING GLOBAL LIMITED	Ko Kowk Hing 52% Cou Maria Mazzarello 16% Ko Kwun Kit 16% Ko Kwun Yu 16%

c.Major shareholders of institutional directors are institutional shareholders:N/A.

d.Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

Criteria Name	Professional Qualifications and Experience	Independent Directors' Independence Status	Number of independent directors of other public companies
Ko Kowk Hing	Over 50 years of experience in sales and company management in the sewing machine and gear industry, and without any circumstances stated in Article 30 of the Company Law.	-	0
Wu, Chin-Jung	Over 30 years of experience in production, R&D and company management in the sewing machine and gear industry, and without any circumstances stated in Article 30 of the Company Law.	-	0
Chung, Chao-Wen	Over 30 years of experience in sales and company management in the sewing machine and gear industry, and without any circumstances stated in Article 30 of the Company Law.	-	0
Tu, Chun-Hui	Over 30 years of experience in sales and company management in the sewing machine and gear industry, and without any circumstances stated in Article 30 of the Company Law.	-	0
Chou, Tsung-Nan	With more than 30 years of experience in finance and accounting department management in the electronics industry, formerly served as an associate manager of the accounting department of EVERLIGHT Electronics Co., Ltd, with accounting expertise, and without any circumstances stated in Article 30 of the Company Law.	(1) I, my spouse, my second-degree relatives, etc. are not directors, supervisors or employees of the Company or its related (2) The number and proportion of shares held by me, my spouse, or a relative up to the second degree of consanguinity (or in the name of another person) in	3

Criteria Name	Professional Qualifications and Experience	Independent Directors' Independence Status	Number of independent directors of other public companies
		<p>the Company: 0.</p> <p>(3) Not a director, supervisor, or employee of a company with which the Company has a specific relationship.</p> <p>(4) No compensation for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years.</p>	
Huang, Sheng-Lung	Over 30 years of experience in the financial industry, former Vice President of Information of KGI Asia Limited, with financial expertise, and without any circumstances stated in Article 30 of the Company Law.	<p>(1) I, my spouse, my second-degree relatives, etc. are not directors, supervisors or employees of the Company or its related companies.</p> <p>(2) The number and proportion of shares held by me, my spouse, or a relative up to the second degree of consanguinity (or in the name of another person) in the Company: 0.</p> <p>(3) Not a director, supervisor, or employee of a company with which the Company has a specific relationship.</p> <p>(4) No compensation for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years.</p>	0
Chou, Hwei-Yu	Have more than 20 years of experience in the management of the construction and electronics industry, and have served as the Vice President and Spokesman of Radium Life Tech Co., Ltd., and without any circumstances stated in Article 30 of the Company Law.	<p>(1) I, my spouse, my second-degree relatives, etc. are not directors, supervisors or employees of the Company or its related companies.</p> <p>(2) The number and proportion of shares held by me, my spouse, or a relative up to the second degree of consanguinity (or in the name of another person) in the Company: 0.</p> <p>(3) Not a director, supervisor, or employee of a company with which the Company has a specific</p>	2

Criteria Name	Professional Qualifications and Experience	Independent Directors' Independence Status	Number of independent directors of other public companies
		relationship. (4) No compensation for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years.	

e. Board Diversity and Independence

1. Board Diversity

(1) Policy

The Company has explicitly stipulated in the "Corporate Governance Best Practice Principles" and the "Rules for Election of Directors" that the composition of the Board of Directors shall consider diversity. Taking into account the Company's operations, business model, and development needs, an appropriate diversity policy shall be formulated. Members of the Board shall generally possess the knowledge, skills, and expertise necessary to perform their duties. Collectively, the Board shall have the following capabilities: operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market perspective, leadership, and decision-making abilities.

(2) Objectives

Regarding the diversification goals for the composition of the Board of Directors, the target is to have at least two individuals for each skill set. The company also emphasizes gender equality in the composition of the Board, with the goal of having at least one-third of the board seats occupied by directors of either gender.

(3) Achievement

All directors of the company have many years of industry experience in either manufacturing or finance, with professional expertise in management, marketing, manufacturing, finance, and accounting. Among the directors, 4 are under the age of 60, accounting for 57%, 2 are between the ages of 61 and 70, accounting for 29%, and 1 is over the age of 71, accounting for 14%. Of the 7 board seats, 6 are held by male directors and 1 by a female director. The specific implementation for 2025 is as follows:

Objectives	Achievement
Adequate diversity in professional knowledge and skills	Achieved
At least one-third of the board seats occupied by directors of either gender	Not Achieved

Name	Gender	Age (years)			Employee of our company	Professional Background	Possesses work experience in the GICS industrial sector (Note)
		Below 60	61~70	71 or more			
Ko Kowk Hing	Male			✓		Business management, marketing, and finance	✓
Wu, Chin-Jung	Male	✓			✓	Business management, marketing, and manufacturing	✓
Chung, Chao-Wen	Male	✓			✓	Business management, marketing, and finance	✓
Tu, Chun-Hui	Male		✓		✓	Business management, marketing, finance, and accounting	✓

Chou, Tsung-Nan	Male		✓			Business management, marketing, and finance	✓
Huang, Sheng-Lung	Male	✓				Business management, marketing, financial services, and finance	
Chou, Hwei-Yu	Female	✓				Business management, marketing, finance, and accounting	✓

Note: The industry categories are classified according to the first-level industry sectors of the Global Industry Classification Standard (GICS).

Name	Core Competencies							
	Operating judgment	Accounting and Financial Analysis	Operation Management	Crisis Processing	Industry Knowledge	International Market View	Leadership Capabilities	Decision-making Capabilities
Ko Kowk Hing	✓	✓	✓	✓	✓	✓	✓	✓
Wu, Chin-Jung	✓		✓	✓	✓	✓	✓	✓
Chung, Chao-Wen	✓		✓	✓	✓	✓	✓	✓
Tu, Chun-Hui	✓	✓	✓	✓	✓		✓	✓
Chou, Tsung-Nan	✓	✓	✓					✓
Huang, Sheng-Lung		✓	✓			✓	✓	
Chou, Hwei-Yu	✓	✓	✓	✓	✓			
Target Seats	2	2	2	2	2	2	2	2
Seats achieved	6	5	7	5	5	4	5	5
Compliance rate	100%	100%	100%	100%	100%	100%	100%	100%

## 2. Independence of the Board of Directors

To enhance the effectiveness of the Board of Directors and to implement a sound corporate governance system, the Company has established an Audit Committee and a Remuneration Committee under the Board, both composed entirely of independent directors. Through professional division of responsibilities and an impartial, independent stance, these committees assist the Board in decision-making, thereby strengthening its supervisory function and reinforcing corporate governance.

In 2024, the Company adopted a candidate nomination system for the election of directors and elected the fourth-term Board of Directors, consisting of seven members. Among them, three are independent directors, accounting for 43% of the Board. Three directors concurrently serve as company managers, which does not exceed half of the total number of board seats. Additionally, there are no spousal or second-degree kinship relationships among the seven directors, ensuring the Board's ability to operate with a high degree of independence.

## 3. If the board of directors of the company does not have at least one-third of its seats occupied by directors of either gender, the reasons will be explained, along with the measures planned to enhance gender diversity on the board

The current board of directors, consisting of 7 seats, was elected at the shareholders' meeting on May 29, 2024. Among them, there is only 1 female director. Although this complies with relevant regulations, it still does not reach one-third. This is because the company's operations are in metal processing, and due to the nature of the industry, it is challenging to find directors with the required professional background. In the future, the company will continue to uphold the spirit of board

diversity, actively seek and invite suitable candidates, and strive to increase the number of female directors to enhance corporate governance effectiveness and implement the board diversity policy.

f. Information of main managerial officers:

March 31, 2025, Unit: 1000 shares; %

Title	Nationality or place of registration	Name	Gender	Date effective	Shares currently held		Shares held by spouse or minor children		Using the name of another person to hold shares		Main experience and academic background	Positions currently assumed in KHGEARS and other companies	Executive, Directors or Supervisors who are spouse or within 2 degree of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chief Strategy Officer	ROC	Wu, Chin-Jung	Male	2020/01/01	414	0.78	-	-	3,972 (Note1)	7.49	MBA of University of Northern Virginia President of Zhuhai City Doumen District Guanxing Industrial Co., Ltd.	Vice Chairman of KHGEARS Director of Forcefive Limited Director of Zhuhai KwunHing Machinery&Electronic Co., Ltd. Director of Henry & Helen Company Limited	-	-	-
Chief Executive Officer	ROC	Chung, Chao-Wen	Male	2014/04/30	3	0.01	-	-	3,344 (Note2)	6.31	Bachelor of Dept. of Banking and Insurance of Shih Chien University President of Zhuhai City Doumen District Guanxing Industrial Co., Ltd.	Director of KHGEARS Director and CEO of Forcefive Limited Director of KWOK HING (CHINA) DEVELOPMENT LIMITED Director and CEO of Zhuhai KwunHing Machinery & Electronic Co., Ltd. Director of Jibulu Company Limited	-	-	-
General Manager	ROC	Tu, Chun-Hui	Male	2013/04/24	100	0.19	-	-	1,758 (Note3)	3.32	Bachelor of Dept. of Accounting of Tunghai University Sales VP of Kaulin Manufacturing Co. Ltd. Manager of Zhuhai City Doumen District Guanxing Industrial Co., Ltd.	Director of KHGEARS General Manager of Forcefive Limited Director and General Manager of Zhuhai KwunHing Machinery & Electronic Co., Ltd. Director of Jinjee Investment Company Limited	-	-	-
Audit Manager	ROC	Lin, Liang-Hung	Male	2018/03/25	37	0.07	-	-	-	-	Master of Dept. of Management Science of National Chiao Tung University Director of Planning Department of Vishay taiwan	-	-	-	
Chief Finance Officer	ROC	Chang, Chao-Wen	Male	2022.03.02	37	0.07	-	-	-	-	Master of International Business Management Institute, Chinese Culture University. Assistant Manager of Underwriting Department, SinoPac Securities. CFO of DEAN FA FOOD CO., LTD. Assistant Manager of Investment	Director and General Manager of KHGEARS VIETNAM CO., LTD -	-	-	-

Title	Nationality or place of registration	Name	Gender	Date effective	Shares currently held		Shares held by spouse or minor children		Using the name of another person to hold shares		Main experience and academic background	Positions currently assumed in KHGEARS and other companies	Executive, Directors or Supervisors who are spouse or within 2 degree of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Accounting Manager	ROC	Chen, Kou-Kang	Male	2022.03.02	9	0.02	-	-	-	-	Bachelor of Department of Accounting, National Taipei University. Associate Manager, Audit Group, Deloitte & Touche Taiwan.	Accounting Manager of KHGEARS VIETNAM CO., LTD	-	-	-

Note1: Wu, Chin-Jung holds 100% of Henry & Helen Company Limited, Henry & Helen Company Limited holds 3,972 thousand shares of KHGEARS(7.49%)

Note2: Chung, Chao-Wen holds 100% of Jibulu Company Limited, Jibulu Company Limited holds 3,344 thousand shares of KHGEARS(6.31%)

Note3: Tu, Chun-Hui holds 100% of Jinjee Investment Company Limited, Jinjee Investment Company Limited holds 1,758 thousand shares of KHGEARS(3.32%)

## II. Remuneration paid out to directors, general manager, and vice presidents in the last year

### (I) Director's remuneration:

Unit: shares; NT\$ thousand

Title	Name	Director's Remuneration								Total amount of (A+B+C+D) and as a % of Net Income		Compensation Earned by a Director Who is an Employee of KHGEARS or of KHGEARS's Consolidated Entities							Total amount of (A+B+C+D+E+F+G) and as a % of Net Income		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company					
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)				Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Profit Sharing (G)										
		From KHGEARS	From All Consolidated Entities	From KHGEARS	From All Consolidated Entities	From KHGEARS	From All Consolidated Entities	From KHGEARS	From All Consolidated Entities	From KHGEARS	From All Consolidated Entities	From KHGEARS	From All Consolidated Entities	From KHGEARS	From All Consolidated Entities	Cash	Stock (Fair Market Value)	From All Consolidated Entities	From KHGEARS	From All Consolidated Entities						
Chairman	KWOK HING GLOBAL LIMITE D Ko Kowk Hing	6,240	6,240	-	-	2,829	2,829	1,226	1,226	10,296	10,296	2.07%	2.07%	-	-	-	-	-	-	10,296	10,296	2.07%	2.07%	-		
Vice Chairman	Wu, Chin-Jung	-	-	-	-	2,829	2,829	186	186	3,015	3,015	0.61%	0.61%	5,325	6,525	-	-	3,943	-	3,943	-	12,284	13,484	2.47%	2.71%	-
Director	Chung, Chao-Wen	-	-	-	-	2,829	2,829	186	186	3,015	3,015	0.61%	0.61%	4,380	5,806	-	-	3,553	-	3,553	-	10,949	12,375	2.20%	2.49%	-
Director	Tu, Chun-Hui	-	-	-	-	2,829	2,829	186	186	3,015	3,015	0.61%	0.61%	4,205	5,816	-	-	3,553	-	3,553	-	10,774	12,385	2.16%	2.49%	-
Independent Director	Chou, Tsung-Nan	1,167	1,167	-	-	-	-	50	50	1,217	1,217	0.24%	0.24%	-	-	-	-	-	-	-	-	1,217	1,217	0.24%	0.24%	-
Independent Director	Huang, Sheng-Lung	718	718	-	-	-	-	50	50	768	768	0.15%	0.15%	-	-	-	-	-	-	-	-	768	768	0.15%	0.15%	-
Independent Director	Chou, Huei-Yu	718	718	-	-	-	-	50	50	768	768	0.15%	0.15%	-	-	-	-	-	-	-	-	768	768	0.15%	0.15%	-

(II) Remuneration for general manager and vice presidents:

Unit: NT\$ thousand; thousand shares; %

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special expenses (C) (Note)		Employee's remuneration (D)				Proportion of sum of A, B, C, and D, to NIAT(%)		Whether the person receives remuneration from non-subsiary investments
		The Company	All companies listed in this Financial Report	The Company	All companies in this Financial Report	The Company	All companies in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies in this Financial Report	
								Cash	Dividend	Cash	Dividend			
CSO	Wu, Chin-Jung	1,382	2,582	-	-	3,943	3,943	3,943	-	3,943	-	9,269 1.86%	10,469 2.10%	-
CEO	Chung, Chao-Wen	827	2,253	-	-	3,553	3,553	3,553	-	3,553	-	7,934 1.59%	9,360 1.88%	-
President	Tu, Chun-Hui	652	2,263	-	-	3,553	3,553	3,553	-	3,553	-	7,759 1.56%	9,370 1.88%	-

## (III) Remuneration for top five management personnel:

Unit: NT\$ thousand; thousand shares; %

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special expenses (C) (Note)		Employee's remuneration (D)				Proportion of sum of A, B, C, and D, to NIAT(%)		Whether the person receives remuneration from non-subsidiary investments
		The Company	All companies listed in this Financial Report	The Company	All companies in this Financial Report	The Company	All companies in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies in this Financial Report	
								Cash	Dividend	Cash	Dividend			
CSO	Wu, Chin-Jung	1,382	2,582	-	-	3,943	3,943	3,943	-	3,943	-	9,269 1.86%	10,469 2.10%	-
CEO	Chung, Chao-Wen	827	2,253	-	-	3,553	3,553	3,553	-	3,553	-	7,934 1.59%	9,360 1.88%	-
President	Tu, Chun-Hui	652	2,263	-	-	3,553	3,553	3,553	-	3,553	-	7,759 1.56%	9,370 1.88%	-
Chief Finance Officer	Chang, Chao-Wen	938	2,078	-	-	1,181	1,181	1,181	-	1,181	-	3,330 0.66%	4,440 0.89%	-
Accounting Manager	Chen, Kou-Kang	657	1,377	-	-	477	477	477	-	477	-	1,610 0.32%	2,330 0.47%	-

(IV) Names of managerial officers provided with employee's compensation and state of distribution:

Unit: NT\$ thousand; %

Title	Name	Dividend	Cash	Total	Ratio to NIAT
Chief Strategy Officer	Wu, Chin-Jung	-	13,054	13,054	2.62%
Chief Executive Officer	Chung, Chao-Wen				
General Manager	Tu, Chun-Hui				
Audit Manager	Lin, Liang-Hung				
Chief Finance Officer	Chang, Chao-Wen				
Accounting Manager	Chen, Kou-Kang				

(IV) Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

- The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income

Unit: NT\$ thousand; %

Year	Total remuneration paid to directors.		Ratio of total remuneration paid to directors to net income (%)		Total remuneration paid to president and vice presidents.		Ratio of total remuneration paid to president and vice presidents to net income (%)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
2024	21,058	21,058	4.42%	4.42%	23,340	27,085	4.90%	5.68%
2025	22,096	22,096	4.44%	4.44%	24,961	29,198	5.01%	5.86%

- The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance

(1) Directors and supervisors

The Company established the Remuneration Committee on May 28, 2018, and after the election of the Company's third term directors on May 20, 2021, the Board of Directors appointed all independent directors to serve as members of the second term Remuneration Committee on August 25, 2021. The Company has established the "Remuneration Plan for Directors and Managers" to regulate the remuneration of directors and managers, and in accordance with the organizational rules of the Remuneration Committee of the Company, the Remuneration Committee meets

annually to review the policies, systems, standards and structures of directors' performance evaluation and remuneration, and to consider the performance evaluation of directors (evaluation items include: achievement of corporate goals and tasks, knowledge of directors' duties, participation in corporate operations, internal relations management and communication). After considering the evaluation results of the performance evaluation of the directors, the Board of Directors shall consider the level of participation and value of each director's contribution to the company's operations and make recommendations to the Board of Directors for discussion and resolution, so that the management performance and future risks can be fairly and reasonably linked to the remuneration. The results of the performance evaluation for the year 2025 indicate that the average performance score of the Board of Directors as a whole is 4.96, the average performance score of individual directors is 4.96, the average performance score of the Audit Committee is 4.97, and the average performance score of the Compensation Committee is 4.97. Both the overall performance evaluation and the performance evaluation of individual directors are excellent. The 2025 directors' remuneration was reviewed and approved by the Compensation Committee on March 12, 2026, and subsequently submitted to the Board of Directors for discussion and approval on the same day.

(2) President and vice presidents.

The performance evaluation and remuneration of the Company's President and Vice Presidents are conducted in accordance with the provisions of the "Regulations for Director and Managerial Officer Compensation." The compensation structure for managerial officers includes a fixed monthly salary and a variable salary. The variable salary is linked to financial performance, talent development, sustainability, and risk indicators, and is determined based on the level of achievement of these indicators. For the 2025 employee compensation of the Group's managerial officers, in addition to the aforementioned indicators, consideration was also given to whether any significant ethical violations, internal control deficiencies, or personnel fraud incidents occurred during the year. Individual performance evaluations and the contribution of each manager's responsibilities to the Company's short- and long-term development goals were also assessed. The evaluation results were reviewed and approved by the Compensation Committee on March 12, 2026, and subsequently discussed and approved by the Board of Directors on the same day.

### III. State of implementation of corporate governance

(I) State of operations of the board of directors

A total of 7 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	KWOK HING GLOBAL LIMITED Representative: Ko Kowk Hing	7	0	100	-
Vice Chairman	Wu, Chin-Jung	7	0	100	-
Director	Chung, Chao-Wen	7	0	100	-
Director	Tu, Chun-Hui	7	0	100	-

Independent director	Chou, Tsung-Nan	7	0	100	-
Independent director	Huang, Sheng-Lung	7	0	100	-
Independent director	Chou, Huei-Yu	7	0	100%	-

Other mentionable items:

1. If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
  - (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The company has established an audit committee. Please refer to the annual report for details on the operation of the audit committee.
  - (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:
  - (1) KHGEARS discussed year-end bonuses for directors and group managers on the board meeting on January 13, 2025. The Chairman Ko Kowk Hing, Vice Chairman Wu, Chin-Jung , Director Chung, Chao-Wen and Tu, Chun-Hui recused themselves when matters related to them are being discussed and decided. The motion was approved by the remaining attending directors.
  - (2) KHGEARS discussed Group Managers' Salary Adjustment Plan for 2025 on the board meeting on January 13, 2025. Vice Chairman Wu, Chin-Jung, Director Chung, Chao-Wen and Tu, Chun-Hui recused themselves when matters related to them are being discussed and decided. The motion was approved by the remaining attending directors.
  - (3) KHGEARS discussed director's remuneration for 2024 on the board meeting on March 10, 2025. The Chairman Ko Kowk Hing, Vice Chairman Wu, Chin-Jung , Director Chung, Chao-Wen and Tu, Chun-Hui recused themselves when matters related to them are being discussed and decided. The motion was approved by the remaining attending directors.
  - (4) KHGEARS discussed employees' remuneration for 2024 on the board meeting on March 10, 2025. Vice Chairman Wu, Chin-Jung, Director Chung, Chao-Wen and Tu, Chun-Hui recused themselves when matters related to them are being discussed and decided. The motion was approved by the remaining attending directors.
3. TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations."

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation content
Executed every year.	Evaluate the performance of the board of directors for the period from January 1, 2025 to December 31, 2025.	Covers the evaluation of the board as a whole , individual directors, the audit committee and the remuneration committee.	Internal evaluation of the board, self-evaluation by individual board members.	(1) Evaluation of the board as a whole: Participation in the operation of the Company, quality of the board of directors' decision making, position and structure of the board of directors, election and continuing education of the directors; internal control, etc. (2) Board members' performance evaluation: alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, internal control, etc. (3) Audit committee and the remuneration committee's performance evaluation: Participation in the operation of the Company, awareness of the duties of the committee, quality of the committee's decision making, position and appointment of the committee, internal control, etc.

The performance evaluation results for the year 2025 are as follows: The average performance score of the overall Board of Directors was 4.96, while the average performance score of individual board members was 4.96. The Audit Committee received an average performance score of 4.97, and the Compensation Committee received an average score of 4.97. The overall performance evaluations for 2025 were rated as excellent. Based on the consolidated performance evaluation results, the following recommendations and improvements are proposed for areas with relatively lower scores:

- (1) The Board of Directors, individual directors, and functional committees conduct self-assessments annually as a reference for continuous improvement.
- (2) Conduct an external performance evaluation of the Board of Directors and functional committees once every three years, using independent third-party assessments as a reference for ongoing improvement and optimization of the Company's operations.
- (3) The company has included the establishment of a board nomination committee in its subsequent planning and evaluation. It will comprehensively consider factors such as the company's governance structure, organizational size, and operational characteristics to continuously assess the feasibility of its establishment. If there are any specific plans in the future, they will be carried out in accordance with relevant laws and regulations.
- (4) Referring to the "Director's Professional Development Map" curriculum plan established by the Corporate Governance Center of the Taiwan Stock Exchange, the number of hours for director's professional development is scheduled each year, with core courses as the main focus and professional courses related to corporate governance and corporate social responsibility as supplementary courses. At least 6 hours of courses are arranged each year to enhance the professional knowledge and skills of directors. The General Manager's Office is responsible for compiling the directors' professional development information each year.

The Company engages an external professional institution to conduct a performance evaluation of the Board of Directors once every three years. The most recent evaluation was commissioned to the Taiwan Corporate Governance Association (TCGA), which conducted the Board performance evaluation for the year 2025, covering the assessment period from January 1 to December 31, 2024. The TCGA assigned two executive committee members, one evaluation team leader, and one evaluation specialist to carry out the assessment. Aside from this engagement, the Company has no other business relationship with TCGA, and TCGA is not a related party of the Company. During the selection of evaluators for this engagement, the institution conducted an independence review and signed a Declaration of Independence and Integrity Principles. The recommendations from the external professional institution and the Company's corresponding improvement measures are as follows:

Recommendations	Improvement measures
<p>1. Your Company has established a "Corporate Governance" section on its official website, under which the "Ethical Corporate Management" subsection discloses whistleblowing channels, including a complaint hotline and email address. Following the previous external evaluation, the Company adjusted related procedures in accordance with the report's recommendations; however, internal regulations were not revised accordingly. Given the importance of a whistleblower mechanism being directly connected to the Board of Directors—particularly the independent directors—it is recommended that your Company integrate the existing mechanisms and strengthen the whistleblowing channels. This would enable employees, suppliers, and other stakeholders to report relevant matters directly and simultaneously to the independent directors or the Audit Committee via a consolidated mailbox or hotline. Additionally, it is advised to disclose the relevant internal regulations on the official website to further reinforce the</p>	<p>Revise the Company's "Whistleblowing Policy and Procedures" and disclose the relevant regulations on the Company's website to further strengthen the whistleblower protection and anti-corruption mechanism.</p>

<p>whistleblower protection and anti-corruption framework.</p>	
<p>2. Your Company has provided considerable assistance to newly appointed directors; however, a formal onboarding program for new directors has not yet been established. To help new directors quickly become familiar with the Company, understand its operations and development, it is recommended that the Company consider instituting a “New Director Orientation Program.” This program could include designated personnel to introduce the Company’s business, industry trends, regulatory requirements, directors’ rights and obligations, and continuing education policies. Additionally, the program could incorporate site visits and required training courses to ensure that new directors are fully informed and well-prepared to fulfill their duties.</p>	<p>Establish a “New Director Orientation Program” and implement measures such as arranging site visits or briefings by heads of various business units to assist newly appointed directors in quickly gaining an understanding of the Company’s operations, thereby enabling them to effectively fulfill their duties as directors.</p>
<p>3. Your Company has not yet established a reporting procedure for material contingent events. It is recommended that the Company formulate a clear reporting mechanism for such events and information. This mechanism should specify the types of information that must be reported, the reporting timeline, methods, and the reporting hierarchy. Doing so will ensure that all members of the Board of Directors are promptly informed of significant events, thereby enabling them to effectively fulfill their responsibilities as directors.</p>	<p>An "Internal Incident Reporting Procedure" has been added to ensure that all board members are promptly informed of any major incidents.</p>
<p>4. Measures taken to strengthen the functionality of the board:</p> <p>(1)The Company has established the “Rules of Procedure for Board of Directors Meetings” as the guideline for the operation of its board meetings. Additionally, on May 28, 2018, the Company elected three independent directors at the shareholders’ meeting and established the Audit Committee and the Compensation Committee on the same date to fully implement corporate governance practices. Following the re-election of the fourth-term directors upon the expiration of the third-term directors’ tenure on May 29, 2024, the Company has formed the third-term Audit Committee and Compensation Committee.</p> <p>(2)To enhance information transparency, the Company has designated a spokesperson and a deputy spokesperson to serve as channels for external communication. In addition, following the release of each quarterly financial report, the Company arranges at least one investor conference or briefing per quarter to update investors on the Company’s most recent operational performance and future outlook.</p> <p>(3)To ensure that the risks borne by directors in the performance of their duties are properly covered, the Company purchases directors’ liability insurance for its directors on an annual basis.</p> <p>(4)Attendance of the Board of Directors in 2025: All seven directors had an attendance rate of 100%.</p> <p>(5)To enhance the corporate governance capabilities of its directors, the Company arranges annual training courses in accordance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors.” All seven directors completed a six-hour training course on November 13, 2025.</p>	

(II) Attendance of Members at audit Committee Meetings

1. Upon the expiration of the third-term directors' tenure on May 29, 2024, the Company conducted a re-election. Among the original three independent directors, two were re-elected as fourth-term independent directors, and one new independent director was elected to serve as a member of the third-term Audit Committee. Their professional qualifications and experience are as follows:

Title	Name	Education and experience	professional qualifications				
			Management	Marketing	Manufacturing	Finance	Accounting
Convener	Chou, Tsung-Nan	Bachelor of Dept. of Accounting of Tunghai University Assistant VP of Accounting Department of Everlight Electronics Co., Ltd.	✓			✓	✓
Members	Huang, Sheng-Lung	Ph. D of Organization Behavior of Jinan University Senior VP of KGI Capital Asia Limited	✓	✓		✓	
Members	Chou, Huei-Yu	Master of Laws, Soochow University Vice President and Spokesman, Radium Life Tech Co., Ltd.	✓	✓		✓	✓

2. Authority and Annual Focus of the Audit Committee

- (1) Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (2) Evaluation of the effectiveness of the internal control system.
- (3) Establishment or amendment of procedures for the acquisition or disposal of assets, engagement in derivative transactions, lending of funds, endorsements, or provision of guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
- (4) Matters involving the personal interest of directors.
- (5) Significant asset or derivative transactions.
- (6) Major loans of funds, endorsements, or guarantees.
- (7) The raising, issuance, or private placement of equity-type securities.
- (8) Appointment, dismissal, or compensation of the certifying CPA.
- (9) Appointment or dismissal of financial, accounting, or internal audit officers.
- (10) Annual financial reports and second-quarter financial reports that are subject to CPA review and certification.
- (11) Other significant matters as prescribed by the Company or the competent authorities.

3. A total of 7 Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Chou, Tsung-Nan	7	0	100	
Committee Member	Huang, Sheng-Lung	7	0	100	
Committee Member	Chou, Huei-Yu	7	0	100	

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

A. The 4th meeting of the 3rd Audit Committee on January 1, 2025 adopted.

(A) Proposal for Cash Capital Increase for the Vietnam Subsidiary

(B) Proposed capital loan to Vietnam subsidiary.

The above proposal was approved by all the audit committee members present.

B. The 5th meeting of the 3rd Audit Committee on March 5, 2025 adopted.

(A) Proposal to Transfer Treasury Stocks to Employees.

(B) Supplementary assessment report on the cash capital increase to the Vietnamese subsidiary.

The above proposal was approved by all the audit committee members present.

C. The 6th meeting of the 3rd Audit Committee on March 10, 2025 adopted.

(A) The Company's 2024 annual report of operations and consolidated financial statements.

(B) To distribute the Company's earnings for 2024.

(C) The Company's Statement of Internal Control for 2024.

(D) To appoint Yu-Ling Tsai and Chun-Hung Chen of Deloitte & Touche Taiwan as the Company's auditing CPAs and to approve their remuneration.

The above proposal was approved by all the audit committee members present.

D. The 7th meeting of the 3rd Audit Committee on May 13, 2025 adopted.

(A) The Company's consolidated financial report for the first quarter of 2025.

(B) Proposed capital loan to Taiwan subsidiary.

The above proposal was approved by all the audit committee members present.

E. The 8th meeting of the 3rd Audit Committee adopted on August 29, 2025

(A) The Company's consolidated financial report for the second quarter of 2025.

(B) Revising the "Investment Cycle" section of the company's internal control system.

(C) Proposal for the company to apply for a short-term credit line renewal from Cathay United Bank.

(D) Proposal for acting as joint guarantor for the Subsidiary "Forcefive Limited" in its application for a short-term loan facility from Cathay United Bank

(E) Proposal for acting as joint guarantor for the Subsidiary "Khgears Limited." in its application for a short-term loan facility from Cathay United Bank

The above proposal was approved by all the audit committee members present.

F. The 9th meeting of the 3rd Audit Committee adopted on November 14, 2025

(A) The Company's consolidated financial statements for the third quarter of 2025.

(B) Proposal for the subsidiary "Forcefive Limited" to apply for credit and non-hedging line endorsement guarantee from E.SUN BANK.

The above proposal was approved by all the audit committee members present.

G. The 10th meeting of the 3rd Audit Committee adopted on December 16, 2025

(A) The Company's budget for 2026.

(B) The Company and its subsidiaries' auditing plan for 2026.

(C) Proposal for Cash Capital Increase for the Taiwan Subsidiary.

The above proposal was approved by all the audit committee members present.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

3. Communications between the independent directors, the Company's chief internal auditor and

CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1)The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the meetings of the Audit Committee and Board of Directors. The communication channel between the Audit Committee and the internal auditor has been functioning well. The main communication issues in 2025 are summarized as follows:

Date	Meeting	Communication issues	Result
2025/1/13	Audit Committee	(1) Internal audit business report. (2) Status of improvement items recommended in the previous audit	No objection
2025/1/13	private discussion	(1) 2024 full-year revenue and net profit exceeded early December expectations. (2) Land red book matters for the Vietnam subsidiary. (3) Development of a successor for the audit manager. (4) Independent Director Chou Tsung-nan: Suggests that the audit unit's audit plan should be based on the risk level of the internal control cycle in order to conduct in-depth audits and provide effective improvements to the company's operational efficiency. (5) Independent Director Chou Hui-yu: Wants to understand the company's plans for the use of relevant information systems.	There were no objections following the explanation and discussion. The independent directors' recommendations have been communicated to the Company's management team after the meeting.
2025/3/5	Audit Committee	(1) Audit Business Execution Report. (2) 2024 Audit Department Performance Evaluation. (3) 2025 Audit Department Performance Indicators.	(1) No objection. (2) After review, it is agreed that the performance indicators of the plan are met. (3) The 2025 indicators are approved.
2025/3/5	private discussion	(1) Recommendations from the China Corporate Governance Association regarding the Board of Directors' performance evaluation conducted on February 3, 2025. (2) Recommendations from the accountant regarding the 2024 financial statement audit. (3) Audit by the Guangdong Provincial Emergency Management Bureau of the Zhuhai subsidiary regarding the implementation of the company's main responsibility for production safety; no deficiencies were found. (4) Matters concerning the land use rights red book and investment/export tax refunds of the Vietnam subsidiary.	(1) Recommendations from the China Corporate Governance Association regarding the Board of Directors' performance evaluation conducted on February 3, 2025. (2) Recommendations from the accountant regarding the 2024 financial statement audit. (3) Audit by the Guangdong Provincial Emergency Management Bureau of the Zhuhai subsidiary regarding the implementation of the company's main responsibility for production safety; no deficiencies were found. (4) Matters concerning the land use rights red book

			and investment/export tax refunds of the Vietnam subsidiary.
2025/3/10	Audit Committee	(1) Status of improvement items recommended in the previous audit (2) 2024 Internal Control Self-Assessment Form.	(1) No objection. (2) No objection, submit to the board of directors for review.
2025/5/13	Audit Committee	Internal audit business report.	No objection
2025/5/13	private discussion	(1) Report on the impact of the tariff war initiated by Trump in the United States. (2) Report on the impact of the appreciation of the Taiwan Dollar. (3) Training audit staff on AI data search tools (Power BI) to prepare for future audits to retrieve data from the system database for full searches rather than just spot checks.	There were no objections following the explanation and discussion. The independent directors' recommendations have been communicated to the Company's management team after the meeting.
2025/8/29	Audit Committee	Internal audit business report.	No objection
2025/11/14	Audit Committee	(1) Internal audit business report. (2) Status of improvement items recommended in the previous audit (3)The 2025 audit office budget execution status and the 2026 audit office budget.	No objection
2025/11/14	private discussion	(1) Land use rights red book and investment and export tax rebate matters for the Vietnam subsidiary. (2) Implementation of AI tools for full audit of projects, replacing the previous limitation of only random inspections. (3) Planning for the company's next-generation ERP system.	There were no objections following the explanation and discussion. The independent directors' recommendations have been communicated to the Company's management team after the meeting.
2025/12/16	Audit Committee	(1) Internal audit business report . (2) Review of the audit plan for 2026	(1) No objection. (2) No objection, submit to the board of directors for review.
2025/12/16	private discussion	(1) The company's short-, medium-, and long-term plans. (2) Export tax rebates for the Vietnamese subsidiary. (3) Recruitment status of the new audit specialist. (4) Independent Director Chou Hui-yu : Suggests the company consider purchasing employee integrity insurance. (5) Independent Director Chou Tsung-nan: Suggests the annual budget should separately list human resource needs and human resource costs in the report.	There were no objections following the explanation and discussion. The independent directors' recommendations have been communicated to the Company's management team after the meeting.

(2)The Company's CPAs have presented the findings or the comments for the corporate financial reports, as well as those matters communication of which is required by law, in the regular meetings of the Audit Committee and Board of Directors. The communication channel between the Audit Committee and the CPAs has been functioning well. The main communication issues in 2025 are summarized as follows:

Date	Meeting	Communication issues	Result
2025/3/10	Separate meeting before the Audit Committee	(1) Explanation and communication regarding the consolidated financial statements for 2024 (2) Introduction to legal updates (disclosure of information in perpetual financial statements, amendments to the financial reporting standards for securities issuers)	No objection
2025/5/13	Separate meeting before the Audit Committee	(1) Explanation and communication regarding the consolidated financial statements for the first quarter of 2025 (2) Introduction to legal updates (Sustainable internal controls, corporate value enhancement plans, sustainable disclosure standards and IFRS 18)	No objection
2025/8/29	Separate meeting before the Audit Committee	(1) Explanation and communication regarding the consolidated financial statements for the second quarter of 2025 (2) Introduction to legal updates (Guidelines for the handling of assets acquired or disposed of by publicly traded companies)	No objection
2025/11/14	Separate meeting before the Audit Committee	(1) Explanation and communication regarding the consolidated financial statements and matters for the third quarter of 2025 (2) Introduction to legal updates (Cayman Islands launches new country-by-country reporting system) (3) Audit Quality Information (AQI) report	No objection

(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The information has been disclosed on the Company’s website.	No major gaps.
2. Shareholding structure & shareholders’ rights	✓		(1) In addition to the existing hotline and email channels, the Company has established an internal operating procedure, and has designated spokesman and deputy spokesman to handle shareholders’ suggestions, doubts, disputes and litigation.	No major gaps.
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(2) The Shared Services Division is responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares.	No major gaps.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(3) “Administrative Measures for Related Businesses of Financial Businesses Between Related Enterprises” are made to strictly regulate the activities of trading, endorsement and loans between the Company and its affiliates. The measures was followed in order to implement total risk control with respect to the Company and its affiliates.	No major gaps.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(4) To protect shareholders’ rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations.	No major gaps.
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓			
3. Composition and Responsibilities of the Board of				

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
Directors				
(1) Does the Board of Directors formulate diversity policies, specific management objectives and implement them?	✓		(1) The Company has specified in the "Corporate Governance Code" and "Election of Directors" that the composition of the Board of Directors shall take into account diversity and formulate appropriate diversity policies with respect to its operations, business model and development needs, and that the members of the Board of Directors shall generally possess the knowledge, skills and education necessary for the execution of their duties, as summarized below for 2025. (A) The Company's Board of Directors consists of seven directors, including three independent directors, with 43% independent directors, and three directors who are also managers of the Company, not more than one-half of the number of directors. (B) The age of the directors is 57% for 4 directors under 60 years old, 29% for 2 directors between 61 and 70 years old, and 14% for 1 director over 71 years old. (C) The directors of the Company have many years of industrial experience in the manufacturing or financial industries and have professional abilities in management, marketing, manufacturing, finance and accounting, respectively. The diversity of the Company's directors is described in page12~13.	No major gaps.  The company will evaluate the setting as needed in the future
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2)KHGEARS has established a remuneration committee and audit committee in accordance with the relevant laws, and will form other functional committees according to actual requirements and legal regulations.	No major gaps.
(3) Does the company establish a standard to measure the	✓		(3)The company has formulated rules and procedures	No major gaps.

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p> <p>(4) Does the company regularly evaluate the independence of CPAs?</p>			<p>for evaluating the Board’s performance and conducts it annually. Assessment results were reported to the Board of Directors yearly, and are referenced when determining the remuneration of individual directors and nominations for reelection. The performance evaluation results for 2025 have been completed in the January 2026 and reported to the board of directors on March 3, 2026.</p> <p>(4) The company has "Accountant Evaluation and Performance Appraisal Management Measures". After the end of the year, the Audit Committee will evaluate the accountant's effectiveness, competency, independence and audit quality indicators (AQIs), and use it as a basis for agreeing to renew the appointment. The evaluation results for 2025 have been reported to the Audit Committee and Board of Directors on March 12, 2026.</p>	
<p>4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?</p>	✓		<p>The company has passed the resolution of the board of directors on December 15, 2022, appointing the chief financial officer as the company's corporate governance supervisor responsible for providing information necessary for directors and audit committee members to perform their duties, assisting directors and audit committee members in complying with laws and regulations, handling matters related to the meetings of the board of directors and shareholders' meetings in accordance with the law, and preparing minutes of the board of directors' and shareholders' meetings.</p>	No major gaps.
<p>5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social</p>	✓		<p>The Company provides detailed contact information, including telephone numbers and email addresses in the “Stakeholder Area” section of the corporate website. In addition, the company has designated spokesman and deputy spokesman to deal with issues</p>	No major gaps.

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
responsibilities?			of social responsibility, ensuring that various interested parties have channels to communicate with the Company.	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates Sinopac securities Inc. to deal with shareholder affairs.	No major gaps.
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1)The Company has set up a website to disclose information regarding the Company’s financials, business and corporate governance status.	No major gaps.
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(2)The Company has assigned an appropriate person to handle information collection and disclosure. The Company has established a spokesman system. Investor conference information is disclosed on the corporate website.	No major gaps.
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		✓	(3)The Company has reported annual financial statements and reported its financial statements for Q1, Q2, and Q3 and filed monthly operating status within the time limit according to regulations	Announce and declare in advance if necessary in the future
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?				
(1) The company's labor-management relationship is harmonious, and the lawful rights and interests of employees are protected in accordance with the labor laws and regulations of each location where it operates.				
(2) The company provides reasonable salary and remuneration for employees. And establish a good relationship of mutual trust with employees.				
(3) The company has set up an enterprise website and spokesperson system, and relevant financial business information and major information are announced on time at public information observation stations to ensure the rights and interests of investors.				
(4) The company operates with integrity, conducts fair transactions with suppliers, and clearly reveals that supplier bribery is strictly prohibited.				
(5) Stakeholders may communicate and make suggestions through the channels provided by the company in order to protect their legitimate rights and interests.				

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(6) The members of the company's board of directors have completed the training hours according to the regulations, and are always paying attention to corporate governance related information.</p> <p>(7) The company concerns the rights and interests of customers, and has set up a customer complaint mailbox to handle customer problems by designated personnel.</p> <p>(8) The Company has purchased liability insurance for directors.</p>				
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures:</p> <p>(1) The company's shareholders' meetings are conducted via online livestream or are recorded in full and uninterrupted audio and video after the meeting.</p> <p>(2) Are the number of company directors who are also employees of the company, its parent company, subsidiaries, or sister companies less than or equal to one-third of the total number of directors?</p> <p>(3) The company establishes functional committees beyond those required by law.</p> <p>(4) The company has developed an intellectual property management plan linked to its operational objectives.</p> <p>(5) The company has implemented internal carbon pricing to estimate the impact of climate change on the company's finances and operations.</p> <p>(6) The company conducts regular employee satisfaction surveys and discloses their implementation and improvement plans.</p> <p>(7) The company has an English-language website containing information related to finance, operations, and corporate governance.</p> <p>(8) Does the company disclose information regarding its governance, strategies, risk management, indicators, and objectives related to climate-related risks and opportunities, in accordance with the Climate-Related Financial Disclosure Recommendation (TCFD) framework?</p> <p>(9) The company's sustainability report has been verified by a third party.</p>				

(IV) Composition, duties, and operations of the remuneration committee:

1. Information on members of the current remuneration committee

March, 31 2026

Title	Criteria		Professional qualifications and experience.	Independence.	Number of members of other public companies' remuneration committees.
	Name				
Independent director	Chou, Tsung-Nan	Further information on the professional qualifications of directors and supervisors and the independence of independent directors.			3
Independent director	Huang, Sheng-Lung				0
Independent director	Chou, Huei-Yu				2

2. Scope of Authority

- (1) Formulate and regularly review the policies, systems, standards, and structure for the performance evaluation and compensation of directors, supervisors, and managers.
- (2) Regularly evaluate and determine the compensation for directors, supervisors, and managers.
- (3) Other matters referred by the Board of Directors for discussion.

3. Attendance of Members at Remuneration Committee Meetings

- (1) There are 3 members in the Remuneration Committee.
- (2) Term of Office for the Current Committee:

The term of the first-term Compensation and Remuneration Committee was from May 28, 2018, to May 27, 2021. On May 29, 2024, the company's Board of Directors resolved to appoint the third-term Compensation and Remuneration Committee, with a term from May 29, 2024, to May 28, 2027. The Compensation and Remuneration Committee held 3 meetings in the most recent year (A). The qualifications of the committee members and their attendance are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Convener	Chou, Tsung-Nan	3	0	100	
Committee Member	Huang, Sheng-Lung	3	0	100	
Committee Member	Chou, Huei-Yu	3	0	100	

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified):  
None.

Date	Agenda	Resolution	The company's handling of members' opinions

2025.01.13	1. Year-end bonuses for directors and group managers. 2. Salary adjustment for group managers in 2025.	Approved by all the members present	No objection, submit to the board of directors for review.
2025.03.05	1. Amendments to the Company's "Remuneration and Compensation Regulations for Directors and Managers". 2. Transfer of the Company's Treasury Shares to Employees.	Approved by all the members present	No objection, submit to the board of directors for review.
2025.03.10	1. The Company's Directors' Remuneration Proposal for 2024. 2. The Company's Employees' Remuneration Proposal for 2024.	Approved by all the members present	No objection, submit to the board of directors for review.

2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(V) Promoting Sustainable Development Implementation from the " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies "

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the company have a governance structure to promote sustainable development, and has a special (part-time) unit to promote sustainable development, with the board of directors authorizing senior management to handle it, and the board of directors supervising the situation?	✓		On March 30, 2022, the Board of Directors approved the revision of Sustainable Development Practices (formerly Corporate Social Responsibility Practices), which serves as a guideline for the Company's efforts to promote sustainable development. The Company's General Manager's Office and the management department of each subsidiary are responsible for promoting sustainable development. The Company reports annually to the Board of Directors on the promotion of sustainable development, and the Board of Directors receives reports from the management team and gives advice and guidance as appropriate. In 2025, the company has reported the progress of greenhouse gas inventory work to the board of directors every quarter.	No major gaps.
2. Does the company conduct risk assessment of environmental, social and corporate governance issues related to the company's operations and establish relevant risk management policies or strategies in accordance with the materiality principle?	✓		The company has established risk management methods to regularly identify, measure and monitor relevant risks that may affect corporate operations, and to minimize possible risks through risk transfer, reduction and avoidance and other related management strategies and response measures, in order to achieve Improve the company's operations and sustainable development goals. The risk assessment boundary includes the Company and all subsidiaries in the consolidated financial statements. The company's board of directors is the highest decision-making unit for risk management, approving risk management policies and structures, and supervising the effective operation of the risk management mechanism. The company's audit committee reviews the effectiveness of the company's internal control system to ensure the effective implementation of internal control and supervises the control of the company's existing or potential risks. The General Manager's Office conducts risk assessments of environmental, social and corporate governance issues related to the Company's operations based on the principle of materiality (Note 1), and reports annually to the Board of Directors on risk management policies and countermeasures taken. The company has reported to the board of directors on the implementation of risk management in 2025 on March 12, 2026.	No major gaps.
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(1)The company and its subsidiaries will appoint a professional waste disposal company to dispose of factory waste in accordance with local environmental safety regulations The company's general household waste is also disposed of by the municipal sanitation company. The production machinery and equipment are installed with oil mist filter devices to maintain the environment clean and reduce pollution.	No major gaps.
(2) Does the company strive to improve energy efficiency and use recycled materials that have	✓		(2)The company is committed to improving the utilization efficiency of various resources, including the use of SAP ERP system, EHR system, Exchange Mail system, OA office system, SPC incoming inspection system, PLM drawing management system, etc. to save electronic	No major gaps.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>a low impact on the environment?</p> <p>(3) Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take relevant countermeasures?</p>	✓		<p>correspondence and file transfer communication.</p> <p>(3) In response to the policy of energy saving and carbon reduction and resource recycling, the Company has installed more than 90% of LED lights to save electricity and help reduce carbon emissions. In addition, the Group’s Vietnam factory has installed solar panels on the roof of the factory, and the amount of electricity generated and used by solar power in 2025 was 1,099,800 kWh, which is equivalent to a reduction of greenhouse gas emissions of 3,528 tons of carbon dioxide.</p>	No major gaps.
<p>(4) Does the company keep statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and establish policies for greenhouse gas reduction, water use reduction or other waste management?</p>	✓		<p>(4) The Group's total direct emissions (Category I) and indirect greenhouse gas emissions from energy sources (Category II) for the years 2024 and 2025 were 10,965.105 metric tons and 13,950.129 metric tons of CO2 equivalent, respectively. In addition, the Group's water consumption for the years 2024 and 2025 was 140,039 kWh and 102,256 kWh, respectively, and the total weight of waste was 519 metric tons (of which 187 metric tons were hazardous waste and 332 metric tons were non-hazardous waste) and 444 metric tons (of which 195 metric tons were hazardous waste and 249 metric tons were non-hazardous waste), respectively. The Group achieves energy conservation, carbon reduction, and resource recycling through electronic document processing, the use of LED light bulbs, wastewater recycling, and the installation of solar power systems on factory rooftops.</p>	No major gaps.
<p>4. Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	✓		<p>The Company complies with the laws and regulations of each of its global locations and believes that respect for human rights and a dignified work environment are important to the Company and its employees (including regular employees, contract and temporary staff, and interns). The Company supports the International Bill of Human Rights, the Ten Principles of the United Nations Global Compact, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and treats all employees with dignity and respect.</p>	No major gaps.
<p>(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?</p>	✓		<p>The company clearly stipulates various rules and regulations, regularly conducts performance evaluation, and reasonably protects employees' working rights, salary, vacation, work environment safety and social insurance.</p> <p>Article 100 of the company's articles of association clearly states that if the company makes a profit in the current year, no less than 1% of the pre-tax benefits that have not been deducted from the distribution of employees' compensation and directors' compensation shall be employee compensation. The total Employees' Remuneration for 2025 was NT\$28,294,000, of which</p>	No major gaps.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			NT\$11,829,000 was distributed to frontline employees.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		The company's factories and offices are equipped with obvious fire protection and safe escape routes. The company regularly inspects firefighting facilities, configures daily medicine and first aid supplies, and advertises safety and health precautions from time to time. The production plant holds fire drills at least once a year, and the office cooperates with the fire tests or drills held annually by the affiliated building management center. There were no fire incidents in the company and its subsidiaries in 2025.	No major gaps.
(4) Does the company provide its employees with career development and training sessions?	✓		The company has a clear division of grades, excellent employees are gradually promoted according to performance. Functionally interlinked positions are provided with department transfer or transfer mechanisms within the group to give employees comprehensive development space.	No major gaps.
(5) Does the company comply with relevant regulations and international standards on issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and has it established relevant policies and complaint procedures to protect the rights of consumers or customers?	✓		The company has established relevant internal control cycles and operational specifications for R & D, procurement, production, and services, and has complied with the implementation. It has reasonable guarantee for the transparency and safety of product and service information. If there is any violation of consumer rights, it can be handled by a dedicated person through the customer service line.	No major gaps.
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		The company has established the "Qualified Supplier Management Guidelines," which include nine major evaluation criteria for suppliers. One of these criteria, "Social and Environmental Responsibility, and Hazardous Substance Control," consists of 26 assessment indicators. In 2025, in addition to written assessments of supplier performance, audits were completed for 13 suppliers, of which 1 was qualified and 12 were conditionally qualified.	No major gaps.
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial		✓	The Company began preparing its 2024 Sustainable Report in 2025 and published it before the end of August 2025.	No major gaps.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
information of the company, such as corporate sustainable development reports? Do the reports above obtain assurance from a third party verification unit?				
6. Describe the difference, if any, between actual practice and the corporate sustainable development principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: The Company has formulated the Company's "Corporate Sustainable Development Best Practice Principles" in accordance with the provisions of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and continues to implement it in accordance with relevant regulations. In the future, we will prepare a corporate sustainable development report as necessary, and obtain the assurance from a third party verification unit.				
7. Other useful information for explaining the status of corporate social responsibility practices:				
<p><u>Provide excellent products</u></p> <p>The company is a metal processing manufacturing industry, providing precision gear products. Subsidiary Zhuhai KwunHing Machinery&amp;Electronic Co., Ltd. and KHGEARS VIETNAM CO., LTD both have obtained ISO 14001 and 19001 certification, introducing advanced product quality planning (APQP), failure mode and effect analysis (FMEA), measurement system analysis (MSA), statistical program control (SPC), and Production Part Approval Program (PPAP).</p> <p><u>Protect labor rights</u></p> <p>The companies of the Group follow the labor laws and regulations of the places where they operate and treat all employees fairly. All employees can get proper promotion opportunities through their hard work performance. The company clearly stipulates various rules and regulations, regularly conducts performance evaluation, and reasonably protects employees' working rights, salary, vacation, work environment safety and social insurance. The company also values the rights and interests of employees. It has a general manager mailbox and regularly conducts various investigations. If employees believe that their rights have been violated, they can immediately respond through various channels.</p> <p><u>Caring for society</u></p> <p>Through charitable donations, the Group expresses its care for the society and reflects the spirit of social solidarity and harmony, such as the annual sympathy for the elderly in local villages during festivals, school-enterprise scholarship and school-enterprise cooperation, etc. The amount and materials donated in 2025 is approximately CNY 24.8 thousand. The company will continue to promote related charitable activities and actively maintain social welfare.</p>				

Note 1: Risk assessment of environmental, social and corporate governance issues

Significant Issues	Assessment Content	Management Policies or Strategies
Environment	Climate Change	1.Set the goal of energy saving and power saving, strengthen the environmental awareness of employees and improve the efficiency of the use of resources. 2.Execute greenhouse gas inventory and set the goal of reducing emissions.
Society	Occupational safety and health, social welfare	1. Formulate our labor human rights policy with reference to international standards.

		<p>2. To establish a safety management system in accordance with industry safety standards, to provide employees with various labor protective equipment, and to reinforce employees' safety concepts and emergency response capabilities through continuous education and training and daily promotion.</p> <p>3. To express our concern for the society through community participation and charitable donations, and to reflect the spirit of mutual help and harmony.</p>
Corporate Governance	Compliance with Social and Economic Regulations.	<p>1. Comply with the regulations of the locations where the company's operations are based globally, and review and amend internal regulations as needed to minimize the risk of non-compliance.</p> <p>2. The company has established a whistleblowing system management policy for illegal (including corruption) and unethical behaviors to protect the company's reputation, safeguard property security, and prevent corruption, theft, embezzlement, or other unethical and dishonest actions.</p>

(VI) Climate-related information implementation status

Item	Implementation								
1. Describe board and management oversight and governance of climate-related risks and opportunities.	<p>1. In accordance with the regulations of the Taiwan Stock Exchange, the greenhouse gas inventory and verification schedule will be submitted to the board of directors for control on a quarterly basis starting from May 2022.</p> <p>2. The Company has formulated "Risk Management Measures" and the Board of Directors is the highest decision-making unit for risk management. In order to strengthen climate-related risk management, it has established relevant management systems and norms and set climate risk monitoring indicators for supervision. The head of corporate governance reports annually to the audit committee and the board of directors on the performance of climate-related risk management.</p>								
2. Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short-term, medium-term, long-term).	<p>In the short term, climate-related risks and opportunities do not have a particularly significant impact on the industry in which the company operates. In the long term, the impact on climate issues is bound to increase year by year. In the future, the company needs to develop green design and green manufacturing in the long term to achieve steady development. Due to the existing design and production model and the energy-saving needs of factories, capital budgets should be allocated year by year for internal transformation of R&amp;D, production, and factory units. The resulting financial problems are both company risks and opportunities.</p>								
3. Describe the financial impact of extreme climate events and transition actions.	climate risk	potential financial impact	Countermeasures						
	Total greenhouse gas control, carbon tax, carbon fee	Capacity expansion is limited and costs rise	Conduct greenhouse gas inventories every year, set emission reduction targets, and reduce greenhouse gas emissions.						
	Drought, flood	Production affected, financial losses	Decentralized supply chain and production base						
	Temperature rise	Increased electricity consumption, increased costs and greenhouse gas emissions	Introduce energy-saving and carbon-reducing equipment and cultivate an energy-saving corporate culture						
4. Describe how climate risk identification, assessment and	<p>The company's established "Risk Management Measures" outline the following risk categories, risk items and management strategies :</p> <table border="1" data-bbox="495 1410 1357 1444"> <thead> <tr> <th data-bbox="495 1410 696 1444">Category</th> <th data-bbox="703 1410 920 1444">Item</th> <th data-bbox="927 1410 1357 1444">Management strategy</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>			Category	Item	Management strategy			
Category	Item	Management strategy							

<p>management processes are integrated into the overall risk management system.</p>	<p>Other risk</p>	<p>Climate change</p>	<ol style="list-style-type: none"> <li>1. The company has built pollutant prevention and control equipment to ensure compliance with regulatory emission standards to reduce the impact on climate change and the environment.</li> <li>2. The company sets energy conservation and carbon reduction goals to reduce the impact on the climate caused by resource consumption.</li> <li>3. Disaster prevention drills are held regularly every year.</li> <li>4. Purchase property insurance to reduce the impact on the company's operations and loss of profits when unexpected events occur.</li> </ol>	
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be described.</p>	<p>Scenario analysis is currently not used to assess resilience to climate change risks.</p>			
<p>6. If there is a transformation plan to manage climate-related risks, describe</p>	<p>There are currently no transformation plans to manage climate-related risks.</p>			

<p>the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.</p>	
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>There are currently no planning tools that use carbon pricing.</p>
<p>8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information should be explained. The source and quantity of offset carbon reduction credits or the quantity of renewable energy certificates (RECs).</p>	<p>There are currently no climate-related targets set.</p>
<p>9. Greenhouse gas inventory and assurance, reduction</p>	<p>We are currently conducting ISO14064-1 guidance on greenhouse gas inventory, formulating talent training, strategic goals, control mechanisms, internal verification and external verification planning. The estimated timetable is as follows:  (1) The parent company completes greenhouse gas inventory in December 2026  (2) Subsidiary completes greenhouse gas inventory in December 2027</p>

targets, strategies and specific action plans.	(3) The parent company completes external verification in December 2028 (4) Subsidiary completes external verification December 2029
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(VII) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		(1)The Company has formulated the " Code of Integrity Management " and "Integrity Operation Procedures and Conduct Guidelines" and adopted by the Board of Directors as the company's integrity management policy and operation guidelines.	No major gaps.
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		(2)The Company has identified business activities that are more likely to be at risk of dishonest conduct in its business scope in the " Integrity Operation Procedures and Conduct Guidelines ", and has formulated relevant operation rules. In addition, the employees of the company must sign a confidentiality agreement on the day of their registration, and if there is a violation of the relevant provisions of the terms, the company can make corresponding punishment.	No major gaps.
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		(3) The Company has stated in the " Integrity Operation Procedures and Conduct Guidelines " the various operation methods of handling integrity violations, rewards and punishments, appeals and record punishment. If an employee accepts bribes or anti-bribery, the supervisor can immediately report the punishment or reward, and the relevant systems are indeed implemented.	No major gaps.
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1)The company collects information on the credit status of the transaction object and industry criticism as much as possible before dealing with the transaction object.	No major gaps.

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(2) The company instructs the office of the board of directors to be responsible for promoting integrity management, responsible for the assessment and verification of relevant violations of integrity management. If there is a major violation of integrity management, it will be immediately reported to the board of directors, and at least once a year to the board of directors to report its integrity management policy and the prevention of dishonesty behavior plan and supervision and implementation. The company's General Manager has reported to the Board of Directors on March 12, 2026 on the 2025 Ethical Corporate Management Best Practice Principles and Prevention of Non-Integrity Behaviors Program and the monitoring of its implementation.	No major gaps.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		The company has set the interest avoidance related regulations in the " Integrity Operation Procedures and Conduct Guidelines " to prevent personnel from making decisions that do not comply with the company's integrity principles. If an employee violates the relevant regulations, before the company makes a formal sanction decision, the relevant investigation unit and decision-making supervisor will give the parties the opportunity to make full statements.	No major gaps.
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	✓		The company has set the relevant internal control system to eliminate the opportunity to induce employees to make mistakes as much as possible. The audit unit regularly conducts the necessary checks to prevent compliance with the program of dishonesty.	No major gaps.
(5) Does the company regularly hold internal and external educational trainings on operational integrity?			The company held "Prevention of Unethical Behavior" training sessions for department-level and section-level managers as well as general employees on November 25, 2025, and December 22 and 25, 2025. The training duration was 1~2 hour, with 87 participants in total.	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1)The company has established the "Management Regulations of Whistleblowing System" and has announced the whistleblowing channels on the corporate website. The General Manager's Office is responsible for gathering relevant personnel to collect the necessary evidence and, if necessary, to notify the police to investigate.</p> <p>(2) The Company's " Management Regulations for Whistleblowing System" have specified the standard operating procedures for investigation of whistleblowing matters, the follow-up measures to be taken after completion of the investigation, and the related confidentiality mechanism.</p> <p>(3) The Company's " Management Regulations for Whistleblowing System" have specified the measures to protect whistleblowers from improper treatment due to whistleblowing, and violations will be handled in accordance with reward and punishment regulations has disclosed policies on the protection of informants on the corporate website and the "Code of Integrity Management".</p>	<p>No major gaps.</p> <p>No major gaps.</p> <p>No major gaps.</p>
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	<p>✓</p>		<p>The Company has disclosed the " Code of Integrity Management " and "Integrity Operation Procedures and Conduct Guidelines" , and the effectiveness of the most recent year of promotion. on the company's website.</p>	<p>No major gaps.</p>
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No major gaps.</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies): On March 30, 2020, the Board of Directors of the Company approved the amendments to the relevant provisions of the Company's "Code of Integrity Management" and "Integrity Operation Procedures and Conduct Guidelines". The "Management of the Whistleblowing System" was established on January 18, 2022 and revised on January 18, 2024.</p>				

(VIII) Other Important Information Regarding Corporate Governance: None.

(IX) Implementation of internal control system

1. Statement of Internal Control System

**Khgears International Limited**  
Statement of Internal Control System

Date: March 12, 2026

Khgears makes the following statement based on the self-evaluation of its internal control system in 2025:

- I. Khgears fully understands that the establishment, implementation, and maintenance of internal control system (ICS) are the responsibilities of Khgears's board of directors and managerial officers, and have established the said system accordingly. The objectives of ICS include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety), ensuring reliability, timeliness, transparency, and regulatory compliance of reporting, and providing reasonable assurance.
- II. All ICS are bound by natural limitations and regardless of the robustness of designs, effective ICS can only provide reasonable assurance for the three objectives listed above. Efficacy of the ICS will also change with the changing environment or context. However, Khgears's ICS has self-monitoring systems, allowing Khgears to promptly initiate corrective actions for any defects detected.
- III. Khgears will refer to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "ICS Regulations") to identify assessment items for determining the effectiveness of ICS as well as the performance of design and implementation of the system. The ICS is divided into five key components according to the process of management control to generate ICS assessment items used by the ICS Regulations, namely:
  1. control environment,
  2. risk assessment,
  3. control activities,
  4. information and communication, and
  5. monitoring activities.Each key component also includes a number of sub-items. For the aforementioned items, please refer to the provisions in the ICS Regulations.
- IV. Khgears has adopted the aforementioned ICS assessment items to evaluate the effectiveness of ICS design and implementation.
- V. Based on the above assessment results, it is determined that the Company's internal control system (include monitoring and management of subsidiaries) as at December 31, 2025, is effectively designed and implemented, and can reasonably ensure that: it understand the degree of achievement of operational effectiveness and efficiency objectives; the reporting is reliable, timely, transparent, and complies with applicable rules; and the applicable laws, regulations, and bylaws have been complied with.
- VI. For public announcements and declarations required of a listed company, Khgears has referred to Article 25 of the ICS Regulations and Article 4 of "the Taiwan Stock Exchange Corporation Rules for Regulating Primary Listed Foreign Issuers" and commissioned a certified public accountant to review on the internal control system related to the reliability of the external financial reports for the aforementioned periods and protection of assets security (ensuring that the asset is not acquired, used, or disposed of without authorization). As described in the previous paragraphs, the design and implementation of the ICS are considered effective, and there is no major defect related to the records, disposition, compilation, and report reliability of financial information, nor any major defect for the protection of asset security concerning unauthorized acquisition, use, or disposition of the asset.
- VI. This Statement shall be a major content of Khgears's annual report and prospectus, and shall be publicly disclosed. Where any of the disclosed content contains any illegal acts such as misrepresentation or nondisclosures, Khgears shall be subject to legal responsibilities provided in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. We hereby declare that this Statement has been approved by the board of directors on March 12, 2026. Amongst the seven directors present at the meeting, none had dissenting views, and all have all agreed with the content of this Statement.

Khgears International Limited

Chairman: KWOK HING GLOBAL LIMITED  
Representative: Ko Kowk Hing

General Manager: Tu, Chun-Hui

2. CPA's audit report:None

(X) Major resolutions of shareholders meeting and meeting of the board of directors of the most recent fiscal year up to the publication date of this report

1. Major resolutions of shareholders meeting

Date	Major resolutions	Implementation of resolutions
Shareholders' meeting held on May 22, 2025	(1) Approval of The company's 2024 annual business report and consolidated financial statements (2) Approval of The company's 2024 earnings distribution (3) Amendments to the Company's Articles of Association	(1) The resolution is passed, and the relevant forms have been submitted to the competent authority for reference and announcement in accordance with the relevant provisions of the Company Law (2) The resolution was passed. The chairman of the board of directors has determined the dividend distribution base date on June 30, 2025, and has paid cash dividends on July 23, 2025. (3) The resolution was passed, and the revised articles of association have been submitted to the competent authority for review.

2. Major resolutions of meeting of the board of directors

Date	Major resolutions
January 13,2025	1. The cash capital increase for the Company's subsidiary, Vietnam Junxing, was approved by a resolution of all attending directors. 2. Four directors abstained from voting, and the remaining three attending directors approved the year-end bonuses for directors and group managers. 3. Three directors abstained from voting, and the remaining four attending directors approved the 2025 salary adjustment for group managers. 4. The loan to the subsidiary, Vietnam Junxing, was approved by a resolution of all attending directors and has been publicly announced and reported on the electronic certification reporting system of the Public Information Observation Station in accordance with regulations.
March 05, 2025	1. The amendment to the Company's Articles of Association was passed by unanimous resolution of the attending directors and submitted to the Shareholders' Meeting for discussion. 2. The amendment to the Company's Rules of Procedure for Board Meetings was passed by unanimous resolution of the attending directors and submitted to the Shareholders' Meeting Report. 3. The amendment to the Company's Remuneration and Compensation Regulations for Directors and Managers was passed by unanimous resolution of the attending directors and has been implemented in accordance with the amended regulations. 4. The matter concerning convening the Company's 2025 Annual General Meeting of Shareholders was approved by unanimous resolution of the attending directors and has been announced and reported on the Public Information Observation Station Electronic Authentication and Reporting System as required. 5. The transfer of the Company's treasury shares to employees was approved by unanimous resolution of the attending directors and has been announced and reported on the Public Information Observation Station Electronic Authentication and Reporting System as required. 6. The supplementary assessment explanation for the cash capital increase of the subsidiary Vietnam Junxing was approved by unanimous resolution of the attending directors and the minutes and attachments have been provided for inspection as required by the Taiwan Stock Exchange.

<p>March 10, 2025</p>	<ol style="list-style-type: none"> <li>1. The attending directors resolved to approve the Company's 2024 Annual Report and Consolidated Financial Statements, to be submitted to the Company's Annual General Meeting for approval.</li> <li>2. Chairman Gao Guoxing, Vice Chairman Wu Jinrong, Director Zhong Zhaowen, and Director Du Chunhui abstained from discussion and voting. The remaining three directors approved the Company's 2024 Directors' Remuneration, to be submitted to the Company's Annual General Meeting for approval.</li> <li>3. Vice Chairman Wu Jinrong, Director Zhong Zhaowen, and Director Du Chunhui abstained from discussion and voting. The remaining four directors approved the Company's 2024 Employee Remuneration, to be submitted to the Company's Annual General Meeting for approval.</li> <li>4. The attending directors resolved to approve the Company's 2024 Profit Distribution, to be submitted to the Company's Annual General Meeting for approval.</li> <li>5. The attending directors resolved to approve the Company's 2024 Internal Control System Statement, and it has been published and declared on the Public Information Observation Station Electronic Authentication Reporting System as required.</li> <li>6. The Board of Directors present at the meeting resolved to appoint Ms. Tsai Yu-Ling and Mr. Chan Chun-Hung, auditors of Deloitte Touche Tohmatsu, as the Company's auditing and certification accountants and to approve their remuneration.</li> </ol>
<p>May 13, 2025</p>	<ol style="list-style-type: none"> <li>1. The attending directors unanimously approved the Company's consolidated financial statements for the first quarter of 2025, and have submitted the information to the Public Information Observation Station's electronic certification reporting system as required.</li> <li>2. The attending directors unanimously approved the loan to the Taiwan subsidiary, and have submitted the information to the Public Information Observation Station's electronic certification reporting system as required.</li> </ol>
<p>August 29, 2025</p>	<ol style="list-style-type: none"> <li>1. The Board of Directors present unanimously approved the Company's consolidated financial statements for the second quarter of 2025, and has filed the report with the Public Information Observation Station's electronic certification reporting system as required.</li> <li>2. The Board of Directors present unanimously approved the setting of the Group's greenhouse gas reduction targets, which will be disclosed in the Company's 2024 Sustainable Report.</li> <li>3. The Board of Directors present unanimously approved the Company's 2024 Sustainable Report, and has filed the report with the Public Information Observation Station's electronic certification reporting system as required.</li> <li>4. The Board of Directors present unanimously approved the amendment to the "Investment Cycle" section of the Company's internal control system.</li> <li>5. The Board of Directors present unanimously approved the Company's application for renewal of a short-term credit line with Cathay United Bank, and the renewal process has been completed.</li> <li>6. The Board of Directors present unanimously approved acting as joint guarantor for a short-term loan of US\$3 million applied for by the subsidiary "Forcefive Limited" from Cathay United Bank, and has filed the report with the Public Information Observation Station's electronic certification reporting system as required.</li> <li>7. The attending directors resolved to act as joint guarantors for the subsidiary "Jun Hsing Electromechanical Co., Ltd." in applying for a short-term loan from Cathay United Bank, and have made a public announcement in accordance with regulations through the electronic certification reporting system of the Public Information Observation Station.</li> </ol>
<p>November 14, 2025</p>	<ol style="list-style-type: none"> <li>1. The Company's consolidated financial statements for the third quarter of 2025 were approved by a resolution of all attending directors and have been publicly disclosed on the Public Information Observation Station's electronic authentication reporting system as required.</li> <li>2. The Company's endorsement guarantee for the credit line and non-risk-averse facility applied for by its subsidiary, Forcefive Limited, from E.SUN Bank was approved by a resolution of all attending directors and has been publicly disclosed on the Public Information Observation Station's electronic authentication reporting system as required.</li> </ol>
<p>December 16, 2025</p>	<ol style="list-style-type: none"> <li>1. The Company's 2026 consolidated group budget was approved by unanimous directors, and a report and review of budget achievement will be conducted at the monthly operating meetings.</li> </ol>

	<p>2. The Company's and its subsidiaries' 2026 audit plans were approved by unanimous directors, and have been publicly announced and reported through the Public Information Observation Station's electronic certification reporting system as required.</p> <p>3. The Company's "Major Unexpected Events Notification Procedures" were approved by unanimous directors.</p> <p>4. The cash capital increase for the Taiwan subsidiary, "Jun Hsing Electromechanical Co., Ltd.", was approved by unanimous directors, and related procedures have been carried out. The full amount of the capital increase is expected to be received by the end of March 2026, with the registration of the change of ownership completed in April.</p>
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(XI) Major content of any dissenting opinions on entry or stated in a written statement made by directors or supervisors regarding key resolutions of board meetings during the past fiscal year up to the publication date of this report: None.

#### IV. Audit fee information

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte Taiwan	Yu-Ling Tsai Chun-Hung Chen	2025.1.1~12.31	6,000	350	6,350	Non-audit fees for tax compliance audit.

1. When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: not applicable.
2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: not applicable.

**V. Replacement of certified public accountants: : None.**

**VI. Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters who has, during the past year, held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.**

**VII. Equity transfer or changes to equity pledge of a director, managerial officer, or shareholder with a stake of more than 10% during the most recent fiscal year and up to the date of publication of the annual report**

(I) Changes to the equity of directors, supervisors, managerial officers, and major shareholders

Unit: Thousand shares

Title	Name	2025		2026 till March 31	
		Number of shares held Addition (reduction)	shares pledged Addition (reduction)	Number of shares held Addition (reduction)	shares pledged Addition (reduction)
Chairman	KWOK HING GLOBAL LIMITED	-	-	-	-
Representative	Ko Kowk Hing	-	-	-	-
Vice Chairman and Chief Strategy Officer	Wu, Chin-Jung	-	-	-	-
Director and CEO	Chung, Chao-Wen	-	-	-	-
Director and President	Tu, Chun-Hui	-	-	-	-
Independent director	Chou, Tsung-Nan	-	-	-	-
Independent director	Huang, Sheng-Lung	-	-	-	-
Independent director	Tu, Kuo-Chiang	-	-	-	-
Audit manager	Lin, Liang-Hung	-	-	-	-
Chief Finance Officer	Chang, Chao-Wen	3,960	-	-	-
Accounting Manager	Chen, Kou-Kang	-	-	-	-

(II) Where the counterparty of equity transfer is a related party: None.

(III) Where the counterparty of equity pledge is a related party: None.

## VIII. Relationship information, if among the 10 largest shareholders any one is a related party of another

March 23, 2026, Unit: thousand shares/ %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
KWOK HING GLOBAL LIMITED	6,637,963	12.52%	-	-	-	-	-	-	-
Representative: Ko Kowk Hing	-	-	-	-	-	-	Ko Kuan Yu	Father & Son	-
Henry & Helen Company Limited	3,972,002	7.49%	-	-	-	-	-	-	-
Representative: Wu, Chin-Jung	414,000	0.78%	-	-	-	-	-	-	-
Long Luck Holdings Limited	3,670,829	6.92%	-	-	-	-	-	-	-
Representative: Hong, Pou-Wu	388	0.01%	-	-	-	-	-	-	-
Jibulu Company Limited	3,343,817	6.31%	-	-	-	-	-	-	-
Representative: Chung, Chao-Wen	3,000	0.01%	-	-	-	-	-	-	-
YH International Limited	2,981,161	5.62%	-	-	-	-	-	-	-
Representative: Shih, Fu-Yuan	705	0.01%	-	-	-	-	-	-	-
Ivy Investment Limited	2,310,138	4.36%	-	-	-	-	-	-	-
Representative: Liao, Hsiu- Chuan	-	-	-	-	-	-	-	-	-
Jinjee Investment Company Limited	1,757,643	3.32%	-	-	-	-	-	-	-
Representative: Tu, Chun-Hui	100,000	0.19%	-	-	-	-	-	-	-
King State International Limited	1,459,072	2.75%	-	-	-	-	-	-	-
Representative: Wu, Chiu-Tien	25,121	0.05%	-	-	-	-	-	-	-
Ko Kuan Yu	1,432,726	2.70%	-	-	-	-	Ko Kowk Hing	Father & Son	-
Lead Moral International Limited	758,000	1.43%	-	-	-	-	-	-	-
Representative: Hsiao, Chao-Chin	81,300	0.15%	-	-	-	-	-	-	-

## IX. Ownership of Shares in Affiliated Enterprises

March 31, 2026, Unit: thousand shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
KWOK HING (CHINA) DEVELOPMENT LIMITED	280	100%	-	-	280	100%
FORCEFIVE LIMITED	2,000	100%	-	-	2,000	100%
FORCEFIVE LIMITED, TAIWAN BRANCH	-	-	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Zhuhai KwunHing Machinery&Electronic Co., Ltd.	-	-	(Note 2)	100%	(Note 2)	100%
KHGEARS LIMITED	3,600	100%	-	-	3,600	100%
KHGEARS VIETNAM CO., LTD	(Note 2)	100%	-	-	(Note 2)	100%

Note 1: It is a branch of Forcefive Limited

Note:2: No shares issued

## Chapter IV Capital Overview

### I. Capital and shares

#### (I) Source of capital

March 31, 2026, Units: Thousand shares; NT\$

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
April 2014	USD 1	15,000	USD15,000	6,680	USD6,680	Capital stock at establishment	-	-
May 2015	USD 1	15,000	USD15,000	21,910	USD21,910	Recapitalization of retained earnings and capital surplus	-	-
July 2015	USD 1	15,000	USD15,000	23,558	USD23,558	Cash capital increase	-	-
September 2015	USD 1	15,000	USD15,000	25,171	USD25,171	Cash capital increase	-	-
December 2015	USD 1	15,000	USD15,000	26,092	USD26,092	Cash capital increase	-	-
December 2016	USD 1	15,000	USD15,000	26,686	USD26,686	Cash capital increase	-	-
June 2017	USD 1	15,000	USD15,000	25,214	USD25,214	Cash capital decrease	-	-
March 2018	USD 1	15,000	USD15,000	26,043	USD26,043	Cash capital increase	-	-
April 2018	USD 1	15,000	USD15,000	27,113	USD27,113	Cash capital increase	-	-
May 2018	NTD10	200,000	2,000,000	42,000	420,000	Convert par value to NT\$10	-	-
September 2019	NTD70	200,000	2,000,000	47,600	476,000	Cash capital increase	-	-
December 2020	NTD10	200,000	2,000,000	48,400	484,000	Issue new restricted employee shares	-	-
May 2020	NTD10	200,000	2,000,000	48,392	483,920	Cancellation of new restricted employee shares	-	-
November 2020	NTD77	200,000	2,000,000	53,392	533,920	Cash capital increase	-	-
December 2021	NTD10	200,000	2,000,000	53,380	533,800	Cancellation of new restricted employee shares	-	-
September 2022	NTD10	200,000	2,000,000	53,363	533,632	Cancellation of new restricted employee shares	-	-
November 2022	NTD10	200,000	2,000,000	53,335	533,350	Cancellation of new restricted employee shares	-	-
November 2023	NTD10	200,000	2,000,000	53,109	531,090	Cancellation of new restricted employee shares	-	-
September 2024	NTD10	200,000	2,000,000	53,017	530,171	Cancellation of new restricted employee shares	-	-

March 31, 2026, Unit: Shares

Type of Shares	Authorized stock			Notes
	Outstanding shares	Unissued shares	Total	
Registered common shares	53,017,115(Note)	146,982,885	200,000,000	-

Note: The Company has repurchased 1,097,360 treasury shares that have not yet been transferred or cancelled.

Information on the shelf registration system: Not applicable.

## (II) List of major shareholders

March 23, 2026, Unit: shares; %

Name of major shareholder	Shares	Number of shares held	Shareholding percentage
KWOK HING GLOBAL LIMITED		6,637,963	12.52%
Representative: Ko Kowk Hing		–	–
Henry & Helen Company Limited		3,972,002	7.49%
Representative: Wu, Chin-Jung		414,000	0.78%
Long Luck Holdings Limited		3,670,829	6.92%
Representative: Hong, Pou-Wu		388	0.01%
Jibulu Company Limited		3,343,817	6.31%
Representative: Chung, Chao-Wen		3,000	0.01%
YH International Limited		2,981,161	5.62%
Representative: Shih, Fu-Yuan		705	0.01%
Ivy Investment Limited		2,310,138	4.36%
Representative: Liao, Hsiu-Chuan		–	–
Jinjee Investment Company Limited		1,757,643	3.32%
Representative: Tu, Chun-Hui		100,000	0.19%
King State International Limited		1,459,072	2.75%
Representative: Wu, Chiu-Tien		25,121	0.05%
Ko Kuan Yu		1,432,726	2.70%
Lead Moral International Limited		758,000	1.43%
Representative: Hsiao, Chao-Chin		81,300	0.15%

(III) Dividend policy and its implementation

1. Dividend distribution policy stipulated in the Articles of Incorporation

As the Company is in the growing stage, the dividend/bonuses of the Company may be distributed in the form of cash dividends/bonuses and/or stock dividends/bonuses. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs in assessing the amount of dividends/bonuses the Company wish to distribute. During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital), and setting aside the Special Reserve (if any), the Company may distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the Special Reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles to the Members as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to Members.

2. Dividend distribution proposed (or resolved) for this year

During the board meeting convened on March 12, 2026, a motion for 2025 profit distribution proposal was passed, where a cash dividend of NT\$ 275,175 thousand (NT\$5.3 per share) is proposed to be issued in cash to the shareholders. The motion will be submitted to the annual shareholders' meeting for approval.

3. Major changes expected in the dividend policy: None

(IV) The impact on the company's business performance and earnings per share (EPS) for allotment of free shares proposed at the shareholder's meeting: None.

(V) Compensation for employees, directors, and supervisors

1. Quantity or scope of compensation for employees, directors, and supervisors as prescribed under the articles of association

According to the Article 100 of the Articles of Incorporation: During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than one percent (1%) of the profits for such year to the Employees as the Employees' compensation in the form of shares and/or in cash and may distribute not more than three percent (3%) hereof to the Directors as the Directors' compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution of Employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares. The term "annual profits" as used herein shall mean the annual profits for such year before tax without deducting the amount of compensation distributed to the Employees and Directors as prescribed in this Paragraph (2) of this Article.

2. Accounting treatment for the basis of estimating the amount of the employees' compensation

and director's remuneration for this fiscal period, the basis of calculating the number of shares to be distributed as employees' compensation, and for any discrepancy between the actual amount distributed and the estimated figures.

The employers' and directors' remuneration is calculated as per the figures stipulated by the Articles of Incorporation, and is estimated every year as per this principle. If there are any changes in the amounts after approval of the annual consolidated financial report, they will be regarded as changes in accounting estimates and adjusted in the same year of the shareholders' meeting..

3. Status of compensation distribution as approved by the board of directors
  - (1) On March 12, 2026, the board of directors resolved to issue 2025 employees' remuneration of NT\$ 28,294 thousand and director's remuneration of NT\$ 11,318 thousand. The above mentions compensations are to be paid in cash.
  - (2) Sum of employees' compensation provided in distributed shares and its proportion of the net income after tax (NIAT) provided in the individual or financial report and of the total sum of employees' compensation of this fiscal period: Not applicable.
4. Actual distribution of compensation to employees, directors, and supervisors (including the number, sum, and price of shares distributed), and where there were discrepancies with the approved compensation for employees, directors, and supervisors, describe the sum, the cause, and treatment of the discrepancy:

Meeting of the board of director on March 10, 2025 resolved to distribute NT\$ 27,216 thousand as employees' remuneration and NT\$ 10,904 thousand as directors' remuneration.

There is no difference between the actual distribution and the approved sums

(IX) Buy-back of Treasury Stock:

1. Those who have completed the execution

March 31, 2026

Buyback installments	First time
Purpose of buyback	Transfer shares to employees
Buyback period	2023/12/11~2024/2/5
Buyback price range	60~90
Type and number of shares bought back	Common shares /1,301,000
Amount of shares bought back	108,154,500
The ratio of the quantity bought back to the quantity scheduled to be bought back(%)	86.73%
Number of shares canceled and transferred	203,640
Cumulative number of shares held in the company	1,097,360
The ratio of the cumulative number of shares held by the company to the total number of issued shares(%)	2.07%

2. Still in execution: None.

**II. Corporate bonds: None.**

**III. Preferred shares: None.**

**IV. Overseas depository receipts: None.**

**V. Employee share subscription warrants: None.**

**VI. New restricted employee shares: None.**

**VII. Status of mergers and acquisitions or issuance of new shares for the purpose of acquiring the shares of another company: None.**

**VIII. Implementation of capital allocation plans:**

1. Project and utilization progress

Unit : NT\$ thousands

Program Projects	Scheduled completion date	Total funding requirements	Scheduled fund utilization progress							
			2019	2020	January to August 2021	September to December 2021	2022			
			Paid				Q 1	Q 2	Q 3	Q 4
Capital expenditure for Vietnam factory	2022 Q4	556,301	1,276	51,153	224,062	134,615	26,550	77,933	39,982	730
Increase working capital for Vietnam factory	2022 Q1	83,699	-	-	-	-	83,699	-	-	-
<b>Total</b>		<b>640,000</b>	<b>1,276</b>	<b>51,153</b>	<b>224,062</b>	<b>134,615</b>	<b>110,249</b>	<b>77,933</b>	<b>39,982</b>	<b>730</b>

2. Implementation status

Unit : NT\$ thousands

Program Projects	Performance status as of the Q1 of 2026			Progress ahead or behind, reasons and improvement plans
Capital expenditure for Vietnam factory	Expense amount	Plan	556,301	(1) Due to the impact of the COVID-19 pandemic in Vietnam, the final payment for the leased land is behind schedule, resulting in a later-than-expected disbursement of funds. It is expected to be available in the second quarter of 2026. (2) In the first quarter of 2021, the Company used all of the proceeds of \$83,699 thousand to replenish its working capital, and the actual utilization of funds was in line with the estimated progress without any significant abnormalities.
		Actual	538,668	
Capital expenditure for Vietnam factory	Implementation progress (%)	Plan	100.00%	
		Actual	96.83%	
Capital expenditure for Vietnam factory	Expense amount	Plan	83,699	
		Actual	83,699	
	Implementation progress (%)	Plan	100.00%	
		Actual	100.00%	
Total	Expense amount	Plan	640,000	
		Actual	622,367	
	Implementation progress (%)	Plan	100.00%	
		Actual	97.24%	

3. Benefit Achievement Situation

(1) Capital expenditure for Vietnam factory

The Company completed the construction of the new Vietnam factory at the end of 2021 and started the trial production, and started the mass production in the first quarter of 2022. In 2022, the operating income of the Vietnam plant is NT\$297,646 thousand, the operating gross

profit is NT\$30,282 thousand, and the operating profit is NT\$2,232 thousand. The benefits of building a factory have gradually emerged.

(2) Increase working capital for Vietnam factory

The Company's working capital of \$83,699 thousand for the Vietnam factory has been executed in the first quarter of 2022 according to the original capital raising plan. The main purpose is to support the mass production of the Vietnam factory in the first quarter of 2022, which will be used for raw materials, tools, molds, personnel salaries, etc., and the benefits have gradually appeared.

## Chapter V Business operations

### I. Business description

#### (I) Business scope

##### 1. Major details of business operations

The company is mainly engaged in the research and development, production and sales of small and medium modulus gears, gear boxes, precision hardware. The company's products are mainly used in power tools, garden tools, industrial sewing machines, yacht industry, automobiles, medical machinery equipment and industrial robots. The company adheres to the operation of "integrity, professionalism, innovation, and meeting customer needs", and is determined to become the world's most competitive manufacturer of gear transmission equipment and core parts for high-end smart products.

##### 2. Business proportion of major products

Unit: NT\$ thousand; %

Major products	2024		2025	
	Amount	%	Amount	%
All steel bevel gear	581,914	19.00	510,319	16.65
Precision hardware	616,897	20.15	539,103	17.59
Gear Box	1,010,735	33.01	1,070,835	34.94
Powder metallurgy gear	399,384	13.04	431,594	14.08
All steel spur gears	250,400	8.18	254,945	8.32
Others	202,573	6.62	258,161	8.42
Total	3,061,903	100.00	3,064,957	100.00

##### 3. Current products (services) offered by the Company

Type	Product Description	Application field
Precision gear	Spiral bevel gear, cylindrical gear, turbine worm, synchronous belt wheel	Power tools, garden tools, automobiles, robots, industrial sewing machines, fishing gear, medical equipment, reducers
Precision hardware	Camshaft, hammer, anvil	Power tools, garden tools, industrial sewing machines
Gear box	Planetary gearbox, corner gearbox, turbine worm gearbox	Power tools, garden tools
Harmonic drive	Cup type harmonic drive r, top hat type harmonic drive, integrated harmonic drive	Industrial robots, customized automatic production lines, electric mopeds

##### 4. Development projects for new products (services)

The company continues to promote the cultivation and reserve of professional and technical personnel, and actively develops its own patented precision harmonic drive. Because the reducer has a large number of meshing teeth at the same time, it has the characteristics of small size and light weight, but also has the characteristics of high rigidity and overload resistance. It has been well applied in the fields of industrial robot arms, machine tools, assembly devices, handling devices, etc. In addition, the Group is also actively exploring the application of harmonic drive reducers, micro gears, and mid-drive motors in humanoid robots and electric-assisted bicycles.

#### (II) State of the industry

### 1. Current state and development of the industry

The gear is an important device that transmits the power of the power source to the actuator, and it is an important transmission part that has been used since BC. It can transmit power from small gears for clocks to large gears for marine turbines. By selecting a combination of different numbers of teeth, an arbitrary and correct speed ratio can be obtained. With the increase and decrease of the number of gear combinations, the position of the relationship between the rotary axes can be freely changed. Various types of gears are made of materials with different strength, hardness, weight, rust resistance, etc. according to the place and application used.

The materials used to make gears can be roughly divided into three categories: (1) ferrous metal materials: the most commonly used materials for power transmission gears, such as carbon steel, alloy steel, etc., have the characteristics of hardness and high strength; (2) nonferrous metals Material: Aluminum or copper alloy mainly used for making worm gear products, which has the characteristics of high heat dissipation and corrosion resistance; (3) Plastic materials: lighter than metal materials are mostly used on office machines.

### 2. Correlation with up, mid, and downstream industries

The company belongs to the metal processing manufacturing industry. It mainly provides R&D, production and sales of small and medium modulus gears, gear boxes and precision hardware. The products can be further subdivided into all steel and powder metallurgy according to the raw material. The upstream of the industry is mainly suppliers of raw materials such as steel and iron powder and manufacturers of semi-finished products that provide rough materials. The midstream is a manufacturer of various transmission components such as gears and hardware components. The downstream is a terminal demand and is used in various industrial fields.

### 3. Trends in the development of various products

#### (1) Production automation and intelligence

Industrial automation has become a trend in recent years. The automation of existing equipment through production automation and management systemization can achieve significant effects such as reducing manpower, reducing operational difficulty, increasing output, reducing scrap, increasing efficiency, and ensuring product quality. In recent years, gear manufacturing companies have successively updated their production equipment. The level of automated production of various companies has been greatly improved, and the benefits of replacing labor with robots are constantly fermenting. Intelligent refers to the extensive application of the Internet of Things technology, which realizes automatic operation with machines, connects and comprehensively applies control technology, information technology, and network technology, so that the mechanical equipment of the production line is intelligent. The increase in production efficiency brought about by production automation and intelligence will promote the rapid transformation of the gear industry from a labor-intensive industry.

#### (2) Focus on highly profitable products

In recent years, due to increased market competition and gradual decline in sales profits, gear manufacturers have adjusted their production structure: reduced product projects, reduced production of low-margin products or products with less competitive advantage, concentrated resources investment, focused on highly profitable products. Gear manufacturers aim to produce specialized products, and actively develop high value-added products to provide high-tech and high-precision parts in the market to enhance their profitability and market competitiveness.

#### (3) Product electrification, customization, light-weight

Electrification, customization, intelligence, and light weight are the future product trends.

This development direction is both a challenge and an opportunity for traditional gears. Electrification refers to the electrification of power, which will face the challenges of traditional gear transmission. The crisis it brings is that on the one hand, traditional gear transmission has a simpler and lighter structure with high speed, low noise, high efficiency, high precision and long Life expectancy upgrade, on the other hand, face the process of electric direct drive technology without gear transmission subversion. Therefore, traditional gear processing companies must not only study how to meet the requirements of electrification for gear transmission control at ultra-high speeds, in order to grasp the growth opportunities that electrification may bring, but also need to pay close attention to future gearless electric direct drive technology and electromagnetic transmission technology.

In terms of customization, the gear industry belongs to the middle reaches of the metal processing manufacturing industry, providing various terminal tools and equipment-related parts, and facing a wide range of downstream applications. Therefore, if an enterprise can provide customized products and services for individual customers, it will be closer to the market demand, closely connect with customers, achieve a stable cooperative relationship, and increase product profits through customized design and production services.

Lightweight products are mainly due to material changes and technological innovations. In recent years, new gear production technologies such as lightweight high-strength materials, structural weight reduction and surface strengthening have gradually matured, and will gradually move products toward new lightweight trends.

#### 4. Competition

The main manufacturers of transmission products in Taiwan and China are listed as follows:

<b>Company</b>	<b>Business items</b>
KHGEARS	All steel bevel gear, Powder metallurgy gear, All steel spur gears, Gear Box, Precision hardware
HIWIN	Ball screw, Linear slide, Single axis robot, Multi-axis robot
HOTA	Automotive gears and shafts, Reducer parts, Transmission gear set
T.Y.	Automotive gearbox parts and transmission, Heavy truck clutch components
HGEars	Vertebra gear, Armature shaft, Spiral straight gear
Shuanghuan	Transmission gears for vehicles, Engine gear, Electric vehicle gear
Chongqing Landai Powertrain	Drive transmission assembly, Automatic transmission assembly、Automotive gearbox
ZOMAX	Automotive terminal gear and shaft components, Automotive Transmission
ADVANCE	Marine gearbox, Industrial mechanical gearbox and transmission, Powder metallurgy parts products

#### (III) Technologies and recent R&D efforts

##### 1. R&D investments made in the most recent fiscal year up to the publication of this report

Unit: NT\$ thousand; %

	Year	2025
Item		

R&D Expense	127,594
Net Revenue	3,064,957
As a proportion of net revenue(%)	4.16

2. Successfully developed technologies or products

Item	Year	R&D results	Function and Benefit
1	2025	Research and development of robot harmonic reducers and smart joint technology	Improve versatility and maintainability
2	2025	Research and Development of Error Prevention and Quality Stability Control Technology for Heat Treatment Process of Harmonic Reducer Flexible Gear	The shape of the high-frequency inductor heating end is compatible with the product, enabling rapid and effective heat treatment.
3	2025	Research and Development of Key Technologies for High-Precision Automated Assembly of Electric Bicycle Transmission Components	Automated assembly can improve assembly efficiency.
4	2025	Development of Precision Deburring and Surface Integrity Control Technology for Harmonic Reducer Inner Holes	It effectively protects the base material of the gears being processed and improves the consistency of deburring quality.
5	2025	Research and Development of High-Precision Gear Boring Deformation Prevention Technology	This enables precise machining of workpiece inner holes without the need for floating boring tools, thus reducing machining costs.
6	2025	Development of high torsional stiffness micro harmonic reducers	Effectively improves the testing efficiency of the centrally located torque sensor
7	2025	Research and Development of Intelligent Adjustment Technology for Micro-adjustment Sewing Machines	Improve positioning accuracy and reduce production costs
8	2025	Development of an integrated technology for quick switching between double-row thread positioning and precise pitch adjustment in sewing machines	While improving positioning accuracy and operational efficiency, we ensure production speed and quality.

#### (IV) Long and short-term business development plans

##### 1. Short-term development strategy and plan

###### (1) Marketing strategies

- A. With years of experience in gear design, manufacturing and sales, and rich customer resources, KHGEARS has established the brand value recognized by TOP 10 customers in the global industry. By serving the gears of industrial robots, KHGEARS drives the sales of harmonic reducers for robot core parts. Apply the technology of harmonic gear to the development of electric assisted bicycle mid-motor, and launch the tubular mid-motor with small size, light weight and high torque to enhance the sales of new products.
- B. The technical personnel who are familiar with the full range of products and professional technicians who are proficient in harmonic production, assembly, testing and assembly will provide in-depth service to customers in a coordinated operation mode to assist business colleagues to obtain customer orders, obtain the market, and expand the market.
- C. Take samples and test for customers' mature models, and get orders; for projects under development and future development, the technical team assists in design, joint development, and establishes a model of mutual assistance and collaborative development. For the four international industrial robot manufacturers and other customers, the company participates in international exhibitions to let international customers familiarize themselves with the brand first, and focus on developing well-known customers.

###### (2) R&D strategies

- A. The direction of research and development is from participating in the design and development of customer parts and components, reaching a deeper connection with customers, and developing into "customized" design according to customer needs, while providing customers with professional design solutions and one-to-one professional engineering.
- B. Push the R&D personnel to the first line of market demand, the first line of production process and the first line of technological development, so that they can fully understand the products and pay attention to the product technology trends at the forefront of the market to effectively review the company's internal technical route and product structure insufficient performance, efficiency, etc., and continue to optimize and improve to ensure that the company's products are linked to market trends and customer needs.

###### (3) Production strategies

- A. Continuously optimize the company's production and supply chain system under the new economic background, and constantly evaluate and improve the physique of the supply system in terms of quality, cost, manufacturing process, and fixture optimization. Continuously improve the physique of the company's internal production system from aspects such as efficiency, wisdom, and lean, in order to continuously meet and promote the company's business development.
- B. Continue to review and improve the company's quality management, and strengthen

the implementation of quality management from the process of rough mold procurement and manufacturing process.

- C. The Company sells to customers all over the world. Considering the long-term business strategy of globalization, the Company has established a subsidiary in Vietnam as the Group's second production base to meet the needs of customers with a global business layout and to diversify the operational risks that may be caused by geopolitics and new epidemics in the future.

## 2. Long-term development strategy and plan

### (1) Marketing strategies

- A. Use the "high quality + short delivery + excellent price" sales model
- B. Serve top international customers as the goal of stable operation.

### (2) R&D strategies

- A. In the future, R&D will focus on high-precision core parts of industrial robots and new energy automobile gears. Through strategy and capital cooperation, the company's existing development capabilities and R&D equipment will be optimized. This reduces the company's production costs, improves quality stability, shortens production cycles, and maximizes the benefits of production. In addition, by capital and technical cooperation, the development of high-precision core parts of industrial robots and joints of industrial robots, new energy vehicle gears, and the completion of the other party in the field of industrial robots and new energy vehicles.

### (3) Production strategies

- A. KHGEARS will vigorously build automated factories, mainly ERP, integrate and import APS and MES, to support the diversified development of the company's business. Continue to develop strategic cooperation and capital cooperation to improve efficiency and reduce costs.

## II. Market, production, and sales

### (I) Market analysis

#### 1. Areas of sales (provision) of primary products (services)

Unit: NT\$ thousand; %

Area of sale \ Year	2024		2025	
	Amount	%	Amount	%
Asia	2,845,724	92.94%	2,848,674	92.94%
America	52,999	1.73%	39,784	1.30%
Europe	163,180	5.33%	176,500	5.76%
Total	3,061,903	100.00%	3,064,957	100.00%

#### 2. Market share

KHGEARS is a professional gear manufacturer, mainly providing customers with design, production and sales of precision gears, sales customers all over the world. According to a 2025 research report by Precedence Research, the global industrial gearbox market was estimated at USD 11.5 billion (approximately NTD 361.4 billion) in 2025, and KHGEARS's sales revenue for 2025 is NTD 3,064,957 thousand, which translates into a market share of approximately 0.85%.

#### 3. State and growth of market supply and demand

According to a 2025 research report by Precedence Research, the global industrial gearbox market was estimated at USD 11.5 billion in 2025 and is projected to reach approximately USD 17.76 billion by 2034, with a compound annual growth rate (CAGR) of 4.87% from 2025 to 2034.

Global Industrial Gearbox Market Size from 2024 to 2034

Unit: USD Billion



Source : Precedence Research <https://www.precedenceresearch.com/industrial-gearbox-market>

#### 4. Competitive niche

##### (1) Diversified product projects and wide application fields

The company's main business projects are the production of precision gear parts. It has more than ten years of professional production experience. At the beginning of the establishment, it mainly focused on the production of industrial sewing machine gears. Afterwards, it developed new business projects one after another and launched all-steel bevel gears, all-steel straight teeth, and hardware, and then put into production of powder metallurgical gears and assembled gearboxes, greatly reducing gear production costs and increasing product profits.

In recent years, the company has invested in the development of harmonic reducers in response to the trend of industrial automation. At present, it has developed successfully and began small-scale production at the end of 2019. In addition to diversified product projects, the application fields are also quite extensive, including industrial sewing machines, yacht outboard machines, power tools, garden tools, medical machinery and equipment, automobiles and industrial robots. Overall, in addition to providing more market demand and increasing business volume, non-single product items can also effectively balance the sales and peak seasons of different products, which makes the turnover of the entire year relatively stable, without obvious seasons cyclical.

##### (2) Customized service to improve adhesion with customers

In addition to providing diversified products, the company also develops customized products in response to individual customer needs, and designs and improves products according to customer needs. In addition to its own R&D technical team, it also hires a number of expert consultants to coordinate the guidance, evaluate the technical feasibility and reasonable price of customized products, and then conduct mold proofing. The development period of customized products is longer than that of general specifications. During this period, they must communicate with customers in multiple ways. Before mass production, the products must be carefully evaluated and tested. With long-term cooperation, the dependence on the customer is virtually close, and the customer The trust in the KHGEARS Group helps to develop a long-term and stable cooperative relationship.

##### (3) Have professional high-level production skill

The company has more than ten years of professional experience in the production of precision gears. In addition to having a complete and diversified production line, it has maintained its original intention to become an industry leader for many years and has continuously refined and perfected the production process. The company currently has the ability to complete all production processes in the factory area. Among them, all-steel gears include design, turning, gear cutting, gear hobbing, machining, heat treatment and internal and external grinding processes. Powder metallurgy products also include closed loop design and sintering process. A major factor in the product quality of gears and other components is product accuracy. In order to improve the quality of gears, the company introduces high-end production equipment and testing instruments of international brands to provide products with different accuracy levels in the market.

##### (4) Talent training, with independent research and development capabilities

The company has been committed to the research and development of gear transmission products since its establishment. As of the end of 2025, the R&D department has a total of 80 R&D personnel. The company employs experts in various fields such as powder

metallurgy manufacturing, gear assembly, materials and heat treatment, and mold design as consultants. In addition, the company attaches great importance to the training of young generation talents. By signing short-term internships and industry-university cooperation agreements with various colleges and universities, creating a platform for graduate internships and external training of enterprises, it also reserves excellent talent resources through academic exchanges. As of the end of 2025, the Group's remaining intellectual property includes: 19 invention patents, 97 utility model patents, 1 design patent, 4 software copyrights, and 13 trademarks.

## 5. Positive and negative factors affecting long-term development

### (1) Positive factors

#### A. Diversified products and provide customized, high adhesion with customers

The company is mainly engaged in the design, production and sales of precision gears. Its products are diverse, including all-steel bevel gears, all-steel straight teeth, powder metallurgy gears, gear boxes, hardware and harmonic reducers. The application fields are also quite extensive, As small as industrial sewing machines, power tools, medical equipment, garden tools, yacht outboard machines, automobiles, and industrial robots that have emerged in recent years, etc. The company also provides customized production services based on the specific needs of individual customers, and jointly develops customized products with customers. In addition to constantly improving product quality, it also effectively improves its dependence on customers and achieves long-term and stable growth of sales relations.

#### B. Have R&D strength and one-stop production process

The company has more than ten years of professional experience in the gear production business and has been cultivating this market for many years. The manufacturing process is not only a single processing of gear cutting and hobbing, but also has all-round production advantages such as turning, heat treatment and machining. In addition, the company also has research and design product development capabilities to provide customers with professional one-stop service. One of the keys to the advantages and disadvantages of gears is the precision of the products. The company highly requires the accuracy and goodness of the products. It invests in higher-end processing equipment and testing instruments than its peers. The processing experience makes the company more competitive in the market than its peers.

#### C. The field of robotics has long-term development potential.

Since the first industrial robot was introduced in the 1950s, robotics technology has developed rapidly. From the initial automated equipment that could only perform repetitive tasks, it has gradually evolved into intelligent systems with autonomous learning and decision-making capabilities. Breakthroughs in digital technologies such as artificial intelligence, sensors, and big data have endowed robots with more advanced intelligence, greater flexibility, and multifunctionality, and they have been widely used in manufacturing, medical, logistics, agriculture, and military fields.

Based on type, robots can be categorized into Industrial Robots, Cobots, Service Robots, and Mobile Robots. According to the 2025 report by the Technology Development Observatory: The Industrial Robot market size was approximately US\$17 billion in 2024 and is projected to grow to US\$35 billion by 2030, with a CAGR of 14% from 2025 to 2030. The market growth is primarily driven by labor shortages and the increasing demand for automation from SMEs.

Collaborative robots are designed to interact safely with humans in shared workspaces. The collaborative robot market size was approximately US\$1.93 billion in 2024 and is projected to grow to US\$11.8 billion by 2030, with a CAGR of 35% from 2025 to 2030. With

improved human-robot collaboration efficiency and the emergence of more flexible and cost-effective automation solutions, collaborative robots are expected to play a greater role in industries such as automotive, electronics, and pharmaceuticals. Furthermore, advancements in artificial intelligence and sensing technologies will make collaborative robots more intelligent and capable of automatically performing repetitive tasks, allowing human workers to focus more on complex decision-making and innovative tasks.

Service robots are primarily used in non-manufacturing environments, assisting humans in performing various tasks, ranging from simple repetitive tasks to highly precise and complex operations, to improve service quality and efficiency. They can operate autonomously or with minimal human intervention. The service robot market size was approximately US\$47 billion in 2024 and is projected to grow to US\$116 billion by 2030, with a compound annual growth rate (CAGR) of 17% from 2025 to 2030. Market growth drivers include: the demand for increased productivity, labor shortages, and the expanding application of service robots in key industries such as healthcare, logistics, and agriculture. In addition, the introduction of artificial intelligence technologies endows robots with learning and decision-making capabilities, enabling them to adapt to complex environments, further promoting the development of service robots.

Mobile robots are robots with autonomous mobility, capable of navigation and task execution through sensors, artificial intelligence, and software. These robots are currently widely used in manufacturing, healthcare, logistics, agriculture, and military fields, responsible for tasks such as material handling, distribution, monitoring, and exploration. The service robot market was worth approximately US\$23 billion in 2024 and is projected to grow to US\$53 billion by 2030, with a compound annual growth rate (CAGR) of 14% from 2025 to 2030.

## (2) Negative factors and response measures

### A. Rising labor costs

The company belongs to the metal processing industry. The industrial operation type is unavoidably exposed to oil, gas, water and noise. The working environment is poor, and the operators must continuously move or move during the work process, which consumes physical strength. Workforce work deterred young people in China. The company must propose higher salary incentives to recruit manpower. In addition, China's recent price hikes have caused employees' salary levels to rise, which has led to continuous increase in the company's labor costs.

#### Response measures:

In order to cope with the continuous increase in labor costs and the difficulty of recruitment, the company plans to gradually shift the operation mode to production automation and systematic management in the future to reduce labor force.

### B. Challenges of Inventory Management

The company has been specialized in designing, producing and selling precision gears for many years, providing customers with customized gear products. Co-developing products based on customer needs and customers is the company's competitive advantage in the market, which can form a stable long-term cooperative relationship with customers. However, the customized product is not a universal model. If the stock volume is overestimated due to various possible factors during the sales process, the risk of sluggish inventory will occur due to the failure to sell to other customers.

#### Response measures:

In order to improve the efficiency of production management, the company has introduced an automated MES and APS management system at the end of 2018 to improve production management. The above management system provides internal consistent, timely and accurate management information, effectively controls and shortens the production cycle, reduces the backlog of inventory, and formulates and implements sluggish inventory management methods to reduce the risk of sluggish inventory.

### C. Impact of Tariff Issues

After Donald John Trump assumed office as President of the United States in January 2025, he successively imposed additional tariffs on countries such as Canada, Mexico, Mainland China, and the European Union. Although the future development of tariff-related issues remains uncertain, these measures have already had a significant impact on international trade and the global supply chain system.

#### Response measures:

The Group's sales customers are located around the world. In response to future demand for direct or indirect sales to the United States and in consideration of a long-term globalization strategy, the Company has established a subsidiary in Vietnam as the Group's second production base. This global operational layout not only meets the needs of customers in various regions but also helps mitigate operational risks arising from the uncertainty of tariff issues and the potential impact of the potential coronavirus pneumonia epidemic in the future.

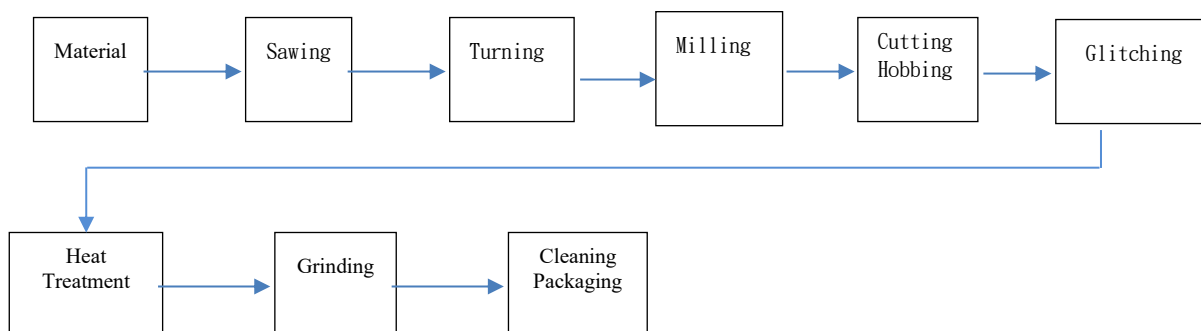
## (II) Major uses and production process of the primary products

### 1. Key applications of the primary products

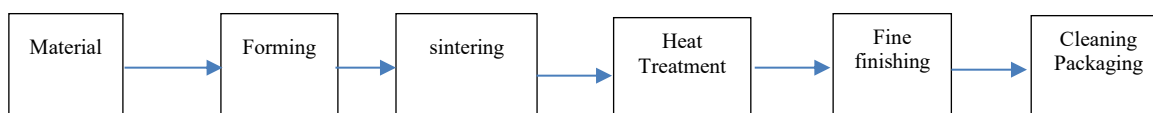
The company is mainly engaged in the research, development, production and sales of small and medium modulus gears, gear boxes and precision hardware. The products of the company are mainly used in electric tools, garden tools, industrial sewing machines, yacht industry, automobiles, medical machinery equipment and industrial robots.

### 2. Production processes of the primary products

#### (1) All steel gear process



#### (2) Powder metallurgy gear process



## (III) Supply of primary raw materials

Primary raw materials	Main suppliers	State of supply
Steel	Supplier P1	Excellent
Metal powder	Supplier P5	Excellent
Rough pieces	Supplier P1, P3	Excellent
Aluminum die casting	Supplier P2	Excellent

(IV) List of main Suppliers and Customers

(A) A list of any suppliers accounting for 10% or more of the company's total procurement in either of the two most recent fiscal years, the percentage of total procurement, and an explanation of the reason for change in these figures:

Unit: NT\$ thousand, %

Item	2024				2025			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	P1	168,492	11.88%	None	P1	141,631	11.22%	None
2	P2	132,615	9.35%	None	P2	130,178	10.31%	None
	Others	1,117,374	78.77%	None	Others	990,533	78.47%	None
	Net Total Supplies	1,418,481	100.00%	-	Net Total Supplies	1,262,342	100.00%	-

Note: The Company has signed a non-disclosure agreement with the suppliers.

P1 is mainly engaged in the manufacture, processing and sales of mechanical parts; import and export of goods and technology. The company purchases gear rough pieces and raw material steel from it, which is mainly used to produce power tool gears. The procurement amount from this supplier decreased in 2025, mainly due to the Company's continued efforts to develop alternative suppliers in order to reduce procurement costs and mitigate the risks associated with over-concentration of purchases.

P2 is a major OEM manufacturer of metal die castings and a supplier of aluminum die castings, the main raw material for our precision hardware and gearboxes. The decrease in procurement amount in 2025 was mainly due to our company's continued efforts to develop other suppliers to reduce procurement costs and diversify the risks that may arise from excessive concentration of procurement.

(B) A list of any customers accounting for 10% or more of the company's total sales in either of the two most recent fiscal years, the percentage of total sales, and an explanation of thereasons for changes in these figures:

Unit: NT\$ thousand; %

Item	2024				2025			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	S1	1,923,274	62.81%	None	S1	1,753,752	57.22%	None
	Others	1,138,629	37.19%	None	Others	1,311,205	42.78%	None
	Net Sales	3,061,903	100.00%	-	Net Sales	3,064,957	100.00%	-

Note : The Company has signed a non-disclosure agreement with the customers.

The decline in our company's sales to S1 in fiscal year 2025 was mainly due to customers bringing forward their orders in the fourth quarter of 2024 in anticipation of a possible increase in US import tariffs. In addition, after the US implemented reciprocal tariffs in the second quarter of 2025, customers adopted a more cautious and conservative ordering policy.

### III. Employees Information

Number, average tenure, average age, and the academic background of employees for the past two recent years up to the date of the publication of this report

Unit: Persons; %

Year		2024	2025	2025 till issued date
Number of employees	Management	6	6	6
	General employees	291	274	276
	R&D personnel	622	565	560
	Total	919	864	842
Average age		36.05	37.75	38.35
Average work tenure		4.21	3.94	4.07
Academic qualification distribution	Ph.D.	0.11%	0.12%	0.12%
	Masters	0.87%	0.93%	0.83%
	Bachelor's Degree	22.09%	24.31%	25.53%
	Senior High School	31.56%	33.56%	33.25%
	Below Senior High School	45.38%	41.09%	40.26%

### IV. Disbursements for environmental protection

Total losses (including damage awards) and losses (including fines) for environmental pollution during the most recent fiscal year up to the date of printing of the annual report, and an explanation of the measures (including corrective measures) and possible disbursements to be made in the future (including an estimate of losses, fines, and compensation resulting from any failure to adopt responsive measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible): None.

### V. Labor relations

(I) List various employee benefit plans, continuing education, training, retirement systems, and the state of implementation as well as various employee–employer agreements and measures for protecting employee rights and also the interests of the company:

#### 1. Employee benefit plans

The company's employee welfare measures include wedding and funeral subsidies, festival gifts, cultural and sports activities such as skill competitions, badminton competitions, employee travel, birthday celebrations, irregular employee evenings and sweepstakes. The company also provides employees to participate various training and training opportunities to improve staff's vision and work efficiency.

## 2. Status of employee training and education

In order to improve the quality and work skills of employees and enhance the efficiency and quality of work, the Group conducts various employee education and training from time to time, implements internal skills assessments, and provides skills subsidies to those who pass the examination. The Vietnam factory arranges Chinese and Vietnamese language courses to provide employees and foreign cadres with the opportunity to learn Chinese and Vietnamese. Those who pass the foreign language proficiency test will be given foreign language subsidies in order to cultivate outstanding talents, thereby improving operational performance and achieving sustainable operations.

## 3. Retirement system and state of implementation

The Group's main place of operation is in the People's Republic of China, and employees pay social insurance (including pension, unemployment, medical, maternity, and work-related injury) in accordance with the "Social Insurance Law of the People's Republic of China". Individuals who participate in the basic pension insurance and have made cumulative contributions for fifteen years when they reach the statutory retirement age will receive a basic pension on a monthly basis; individuals who participate in the basic pension insurance and whose cumulative contributions are less than fifteen years when they reach the statutory retirement age can pay up to After fifteen years of service, you will receive a basic pension on a monthly basis; you can also transfer to new rural social pension insurance or urban resident social pension insurance, and enjoy corresponding pension insurance benefits in accordance with the provisions of the State Council.

Employees of Taiwan subsidiaries are subject to the new pension system, and the company pays employee pensions at a rate of 6% of the salary scale every month.

The Vietnamese subsidiary pays various social insurances and pensions (based on 14% of salary) for employees in accordance with relevant local laws and regulations, and employees are entitled to various pension benefits in accordance with the law.

## 4. Employee–employer agreements and measures taken to safeguard the employee interests

The company has always attached great importance to the rights and interests of employees. In addition to stipulating relevant working rules in accordance with laws and regulations, and having clearly regulated various labor conditions, employees can always express their opinions through meetings, e-mails or mailboxes, and labor-management communication channels are unobstructed. No serious employee–employer dispute has arisen due to the harmonious relationship that exists in the Company.

## 5. Protection measures for working environment and personal safety of employees

The company is committed to providing a healthy and safe working environment for employees, and provides regular employee health examinations to ensure employees' physical and mental health to achieve good work performance. New employees in the factory are required to receive level 3 safety and hygiene training for two hours, and operators of special equipment are required to receive special training and obtain necessary licenses. The factory safety officer conducts a monthly safety hazard investigation, and the EHS specialist summarizes each hidden hazard and follows it up item by item until improvements are completed. Current employees take turns to participate in 3 hours of monthly safety training conducted by EHS specialists at least once a year. The factory has established a fire safety team and conducts fire safety drills at least once a year. The company has formulated a safety management system in accordance with the industry's production safety regulations, providing masks, earplugs and other protective equipment to employees in special processes. Through continuous education and training and daily promotion, the company strengthens employees' concepts of production safety and

emergency response ability.

- (II) Any loss suffered due to employee–employer disputes, and estimated loss and response measures for current or future incidents that may occur in the most recent fiscal year up to the date of printing of the annual report; where an estimate could not be provided, explain the reasons why a reasonable estimate could not be made: The company has not had any labor disputes in the most recent year and up to the publication date of the annual report.

## **VI. Information security management**

(I) Describe the information security risk management structure, information security policy, specific management plans and resources invested in information security management, etc.

### 1. Information security risk management structure

The company attaches great importance to information security management and has established an information department responsible for preventing computer viruses, network attacks, data leaks, legal compliance and risk control. It is responsible for planning and executing information security management work, including: company network and email security control, information System rights control, information security promotion, employee security awareness improvement, and information-related technology and operating procedures improvements to ensure the company's information security and protection.

### 2. Information Security Policy

Our company's information security policy is as follows:

#### (1) Control of information security inspection

Prevent enterprise information systems from being invaded by external information viruses or hackers, which may affect the normal operation of the enterprise or damage the company's rights and interests.

#### (2) System recovery plan and test program control

Ensure that when enterprise information systems suffer force majeure disasters or other personnel damage, they can be restored to normal business operations in the shortest possible time.

#### (3) Security control of files and equipment

Prevent file data from being invaded by computer viruses and maintain the security of data files and various computer equipment.

#### (4) Program and data access control

Establish the authority and scope of the company's users' access to system programs and data to prevent system utilities, tools and commands from being accessed inappropriately.

### 3. Specific management plan

The company's specific information security management plan is as follows:

#### (1) Control of information security inspection

A. The company's email servers are equipped with firewalls and anti-virus software to block external intrusions.

B. Regularly check the log files of the firewall and report abnormal situations to the responsible person for handling.

C. The information department regularly checks the sending and receiving of emails on the server, and reports abnormal situations to the responsible person for handling.

D. The information department uses equipment to control online behavior and check network status to prevent unauthorized access.

E. Regularly review and evaluate possible security vulnerabilities of the Internet to take protective measures.

F. Computer network and information security policy promotion is regularly announced to employees.

G. Comply with software licensing regulations and prohibit the use of unauthorized software.

H. Set up two-way authentication access for the processing of sensitive and confidential information.

#### (2) System recovery plan and test program control

A. Develop system recovery measures every year and revise them regularly.

B. The system performs incremental backups every day, complete backups every week, and implements off-site backups, and designates dedicated personnel for safekeeping.

C. The computer system and its design must be approved by the responsible person in charge, and appropriate preventive measures must be included to reduce the chance of improper damage.

#### (3) Security control of files and equipment

- A. Perform file backups in daily operations in accordance with the regulations on file and equipment security control (incremental backups every day, full backups every week, and off-site backups).
- B. Regular inspection, repair and maintenance of various computer equipment and peripheral equipment, fire-fighting equipment, and support equipment.
- C. When abnormal conditions occur in the system, the reasons should be understood, improved and recorded.
- D. Really control the entry and exit of computer room personnel, and register the records and matters of non-IT personnel entering the computer room.
- E. Regularly update the version of virus detection software and scan computer hard drives regularly.
- F. Manage and register important information and computer hardware equipment.
- G. When personnel from each department resign, they will be handed over to the information department in strict accordance with the personnel handover procedures, and the relevant accounts will be deactivated.

#### (4) Program and data access control

- A. Access and use of program files should be controlled according to account permissions.
- B. Important system utilities, tools and commands should restrict access and query according to their user permissions.
- C. Users of general application systems do not have access to system utilities, tools, and The authority of the command.
- D. All access and use of program files leave traceable records.
- E. Responsible managers review relevant records regularly.
- F. The password cannot be displayed on the computer screen, nor can it be printed on any report without garbled characters.

In addition, new employees are required to undergo basic training on email and information systems before being issued an account to ensure that information security concepts are integrated into daily operations.

#### 4. Resources invested in information security management

The company's senior managers conduct annual regular reviews and updates of information security management risk assessment and management with information and other related departments, and perform security testing and information security incident drills. The audit office conducts annual audits of the internal control information operation cycle. Confirm the effectiveness of the company's internal control system and execution of information operations. The specific resources invested and implementation work are as follows:

- (1) Dedicated manpower: The company has one information security supervisor and one information security personnel, who are responsible for the command and management of relevant information security operations of the entire company (including the head office and each subsidiary/branch company);
- (2) Customer satisfaction: there are no major information security incidents and no complaints about breach of customer information and loss;
- (3) Education and training/guarantee: All new employees are required to sign a computer usage guarantee when using computers and strictly abide by the information security policy formulated by the company; information security training courses are held regularly every quarter;
- (4) Information security announcement: Information security publicity is carried out regularly every month to improve the prevention awareness of all users;
- (5) Penetration testing: Perform internal and external network penetration testing at least once a year to ensure that the network defense functions of each network device are operating normally as planned and to discover unforeseen threats and risks in advance.

(II) List the losses, possible impacts and response measures suffered due to major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated.

The Company has had no major information security incidents in the most recent year and as of the date of publication of the annual report.

## VII. Important contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Technical cooperation contract	National Huwei University of Science and Technology	2024/1/1~2026/12/31	Industry-University Research Cooperation	None
Loan agreement	Cathay United Bank	2025/10/8~2026/10/8	USD 5 million credit line	
Loan agreement	Cathay United Bank	2025/10/8~2026/10/8	USD 3 million credit line	
Loan agreement	E.SUN BANK	2024/12/11~2027/12/3	USD 5 million mid-term credit line	
Loan agreement	E.SUN BANK	2025/12/5~2026/11/4	USD 5 million short-term credit line	
Lease Agreement	Sonadezi Chau Duc Shareholding Company	2020/8/7~2058/10/31	Land Lease	None
Engineering Contracts	Dai Viet Construction and Engineering Co., Ltd	2020/8/31~24 months after construction acceptance.	Phase I Factory Construction Project	None
Inventory custody contract	Hilti (Shanghai) Co., Ltd.	2016/9/27~ Effective indefinitely before being terminated	When the seller puts the goods in the buyer's warehouse, the ownership still belongs to the seller. When the goods are used by the buyer in its production area, the ownership of the goods is transferred to the buyer.	None
Supply and sales contract	Taizhou Wuchuan Electromechanical Co., Ltd.	2026/1/1~2026/12/31	Technical confidentiality agreement and procurement framework contract, stipulating supply transaction conditions	None
Supply and sales contract	Wenling Wulong Machinery Co., Ltd.	2026/1/1~2026/12/31	Technical confidentiality agreement and procurement framework contract, stipulating supply transaction conditions	None

## Chapter VI Review, analysis, and risks of financial position and performance

### I. Financial Status

Unit: NT\$ thousands

Item	Year	2024	2025	Difference	
				Amount	%
Current Assets		2,802,303	2,981,274	178,971	6.39%
Non-current Assets		1,084,965	1,036,107	(48,858)	(4.50)%
<b>Total Assets</b>		3,887,268	4,017,381	130,113	3.35%
Current Liabilities		893,603	804,273	(89,330)	(10.00)%
Non-current Liabilities		77,448	51,646	(25,802)	(33.32)%
<b>Total Liabilities</b>		971,051	855,919	(115,132)	(11.86)%
Capital stock		530,171	530,171	0	0.00%
Capital surplus		1,159,292	1,172,101	12,809	1.10%
Retained Earnings		1,387,608	1,616,665	229,057	16.51%
Other Adjustments		(160,854)	(157,475)	3,379	(2.10)%
<b>Total Stockholders' Equity</b>		2,916,217	3,161,462	245,245	8.41%

Analysis of changes in financial ratios:

- The decrease in non-current liabilities was mainly due to a decrease of 19,184 thousand in deferred income tax liabilities from the subsidiary's earnings in 2025.

## II. Financial performance

(I) Analysis of changes to business outcomes over the past two fiscal years

Unit: NT\$ thousand; %

Item \ Year	2024	2025	Changes	
			Amount	%
Operating revenue	3,061,903	3,064,957	3,054	0.10%
Operating cost	2,115,426	2,060,545	(54,881)	-2.59%
Gross profit	946,477	1,004,212	57,735	6.10%
Operating expenses	463,531	472,642	9,111	1.97%
Net operating profit	482,946	531,770	48,824	10.11%
Non-operating income and expenses	99,456	33,900	(65,556)	-65.91%
Net income before tax	582,402	565,670	(16,732)	-2.87%
income tax expenses	105,728	67,689	(38,039)	-35.98%
Net income after tax	476,674	497,981	21,307	4.47%
Description of items with material changes: (where the difference from the previous fiscal period is 20% or more, and where the amount of change exceeds NT\$10 million)				
1. The decrease in non-operating income and expenses was mainly due to the depreciation of the US dollar against the RMB. The foreign exchange loss recognized in 2025 was 20,943 thousand, compared with the foreign exchange gain of 23,855 thousand in 2024.				
2. The decrease in income tax expense was mainly due to the remittance of subsidiary profits in 2024, resulting in a one-time higher income tax expense.				

(II) Sales forecast for the future year and basis thereof: KHGEARS will take the forecasts of customers' considerations into account for planning production capacity and past business performance to set annual delivery goals.

(III) Possible impact on the company's financial operations and response plans:

The business sector of KHGEARS is still in a growing phase. Meanwhile, KHGEARS shall also constantly monitor changes to market requirements, expand its market share, develop new customers and new product, and continue to improve company's sales and profitability.

### III. Cash flow

(I) Analysis of changes to cash flow over the past fiscal year

Unit: NT\$ thousand; %

Item	2024	2025	Increase (decrease) change	
			Amount	%
Business activities	546,704	661,399	114,695	20.98%
Investment activities	(390,271)	(281,123)	109,148	(27.97)%
Financing activities	(335,962)	(262,329)	73,633	(21.92)%

Analysis of the proportion of change:

1. The increase in cash inflow from operating activities was mainly due to the company's revenue growth in the fourth quarter of 2024 and the collection of customer receivables that were not due at the end of 2024 in fiscal year 2025.
2. The decrease in cash outflows from investing activities is mainly due to increased capital expenditures in 2025 and a decrease in the amount of cash the company converts into time deposits.
3. The decrease in cash outflows from financing activities was mainly due to the Company's repayment of short-term borrowings of 63,473 thousand and purchase of treasury shares of 94,420 thousand in 2024, which did not occur in 2025.

(II) Improvement plan for inadequate liquidity: The company has no shortage of cash liquidity.

(III) Cash liquidity analysis for the following year

As of the end of 2025, the Company's consolidated cash balance was NT\$871,725 thousand. It is expected that continued profitability in 2026 will enable the Company to maintain a net cash inflow from operating activities.

### IV. Material expenditure over the past year and its impact on the company's finances and operations:

The amount of machinery and equipment purchased by the KHGEARS Group in 2025 is approximately NT\$134,253 thousand. The above capital expenditures for advanced production equipment have laid the foundation for the company's undeveloped development. In addition to its own funds, the company has handled a cash capital increase and increased its bank credit line as a source of funds. The capital expenditure has not adversely affected the company's financial position.

**V. Policy on investment in other companies, main reasons for profit/losses resulting therefrom, improvement plan, and investment plans for the upcoming fiscal year**

(I) Policy on investment in other companies:

KHGEARS focuses on its primary business sector and its policy on investments in other companies is based on investment related to the businesses. The responsible department shall comply with the internal control system (ICS) Investment Cycle, Supervision and management of subsidiaries and measure of related party transaction to implement relevant policies.

(II) Main causes for profits or losses

Unit: NT\$ thousand; %

Investee	Shareholding percentages	Realized investment gain (loss) in recent year	The main causes of profit or loss	Improvement plan
KWOK HING (CHINA) DEVELOPMENT LIMITED	100%	353,014	Good operating condition	Not applicable
FORCEFIVE LIMITED	100%	106,195	Good operating condition	Not applicable
Zhuhai KwunHing Machinery&Electronic Co., Ltd.	100%	368,574	Good operating condition	Not applicable
Khgears Limited	100%	(21,365)	Revenue has not yet reached the break-even point.	Continuously develop customers and strive for orders
KHGEARS VIETNAM CO., LTD	100%	160,711	Good operating condition	Not applicable

(III) Investment plan for the future year

In response to the Group's global expansion needs, the Board of Directors of the Company resolved on December 16, 2025 to approve the Group's capital expenditure budget of 309,843 thousand for 2026, which will be mainly used for the addition and replacement of machinery and equipment in the Zhuhai Factory, Vietnam Factory and Taichung Factory.

## VI. Risks

### (I) Risk factors

1. The impact of changes in interest rates, exchange rate fluctuations, and inflation, on the Company's gain or loss, and the Company's future response measures:

#### (1) Interest rate changes

The company's 2024 and 2025 interest expense expenditures on bank loans were NT\$4,872 thousand and NT\$129 thousand, respectively, and their ratios to pre-tax net profit were 0.84% and 0.02%, respectively, so changes in market interest rates have not had a significant impact on the company's financial business.

The company's capital planning is based on the principle of conservatism and stability, working capital allocation is the first priority for safety, and there are few idle funds. However, the company still maintains a good relationship with financial institutions, and in the future, if there is more capital demand, it can strive for favorable financing conditions.

#### (2) Exchange rate fluctuations

The company's products are mainly sold in mainland China and the European and American markets. Our subsidiary in China and Vietnam primarily use RMB and Vietnamese Dong respectively, but export sales payments are mainly in USD. The main currencies for receiving payments are RMB, USD, and Vietnamese Dong. Payments for materials and equipment are also primarily in RMB, USD, and Vietnamese Dong. This offsetting of receipts and payments provides a certain degree of hedging, reducing exchange needs. However, there are still exchange rate risks associated with converting USD to RMB and USD to Vietnamese Dong. In addition, after listing on the Taiwan Stock Exchange, the NT Dollar Dividend will be issued to investors within the Republic of China, or after funds raised the company will obtain the NT Dollar, then it must be redeemed for use in the US dollar, so there is a risk of exchange rate changes between USD and NTD. The company's specific measures in response to fluctuations in foreign exchange rate are as follows:

- A. The financial unit has continued to pay attention to international financial status, fully grasp the trend and changes of international exchange rates, and regularly review the impact.
- B. Implement the "asset-liability allocation" mechanism to assign receipts and payments to currencies of the same nature or relative changes as much as possible, and use the nature of natural hedging to use the cash from the export of products for foreign currency payables.
- C. According to the company's "Acquisition or Disposal of Assets Procedures" and "Derivative Commodity Transaction Processing Procedures", it has been clearly established that the company may not engage in option transaction, warrant transaction and other high-risk and non-hazardous derivative commodity transaction. The company only signs forward foreign exchange settlement contracts for hedging when necessary.

#### (3) Inflation

In the face of rapid changes in the global economic environment, as of the date of publication of the annual report, the company has not yet had a significant impact on profit or loss due to the aforementioned inflation or deflation crisis. In the future, the company will continue to maintain close and good relations with suppliers and downstream customers, and keep abreast of market price fluctuations, adjust procurement strategies and sales quotations in a timely manner, and reduce the

impact of inflation changes on the company's profit.

2. Policies on high-risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading, main reasons for profits or losses generated thereby, and future response measures to be undertaken:

The KHGEARS Group is based on sound principles and pragmatic business philosophy, focusing on the Group's business, and is not engaged in high-risk, high-leverage investment and transactions. Except for the operation of parent-subsidary companies within the group that requires capital loan and endorsement guarantees, there is no matter of engaging in fund loan and endorsement guarantees for individuals outside the group, or engaging in derivative commodity transactions. The capital loans and endorsement guarantees between the parent and subsidiary companies have been implemented in accordance with the related management measures that have been established by the Company.

In the most recent year and up to the publication date of the annual report, the Group has not engaged in any derivative transactions.

3. Future research and development plans and expected expenditure

- (1) Future research and development plans

- A. Drive business expansion through product research and development, based on current tool products, and in line with the company's development strategy, the company plans to promote robot gears and gear transmission products for new application in the future. In addition, the company has established a subsidiary in Taiwan in 2020 and established a research and development team to invest in the development of electric-assisted bicycle mid-mounted motors. With patented harmonic gear technology as the core, the company has continuously improved the application of new products to achieve the company's upgrade again.
- B. Peer exchanges: actively participate in various gear-related technology exchange meetings and equipment exhibitions, and understand the latest trends in the industry
- C. Department review and summary: The R&D department regularly reviews and summarizes the processing technology of existing products to improve and optimize the processing technology of existing products.

- (2) Expected research and development expenditures

The company's investment in research and development costs is based on the development of new products and processes. It will be gradually increase in compiled with the new product development plans and the purchase of testing equipment. The company will gradually increase R&D expenses to support the R&D plan and increase the company's market competition. The Group's R&D expenses are expected to reach more than 4% of consolidated revenue in 2026.

4. Major changes to local and overseas policies and laws that impact the Company's financial operations, and response measures:

KHGEARS 's daily operations are compliant with both local and overseas laws and regulations, and our financial operations have not been affected by major changes in local or overseas policies and laws. KHGEARS is also constantly monitoring the trends and development in local and overseas policies to collect relevant information as reference for the management to develop suitable response strategies. If there are any changes, the company will consult with lawyers, accountants and other relevant units, or commission them to evaluate and

plan the corresponding measures, and timely respond to changes in the market environment and take appropriate countermeasures.

5. Developments in science and technology (including information security risks) as well as industrial change that impact the company's financial operations, and response measures

With the advent of Industry 4.0, the automation of existing equipment through production automation and management systemization can achieve a significant effect of reducing manpower, reducing operational difficulty, increasing output, reducing scrap, increasing efficiency and efficiency, and ensuring product quality. In recent years, gear companies have increased their investment in processing equipment renewal and technological transformation. The processing equipment strength and automated processing level of various enterprises have been greatly improved in recent years. Due to the fact that there are many varieties, few quantities, many processes, and complicated processes in gear processing. In recent years, the automation of some processing procedures has been realized one after another. Some key procedures or parts that cannot be mass-produced, still rely on skilled technicians with rich production experience to operate and process and ensure quality. Although it is still an important direction for them to continue to update equipment and improve the level of automation, the space for enterprises to improve efficiency through equipment automation has become smaller and smaller, and is gradually entering the development bottleneck. In the future, the company will respond to the challenges and opportunities brought about by technological changes and industrial changes through the development of new materials, new processes, and continuous improvement of the company's production management. The company attaches importance to information security management and has set up an information department to prevent computer viruses, network attacks, data leakage, legal compliance and risk control, and is responsible for planning and implementing information security management, including: company network and email security control, information system power control, promotion of information security to raise employee awareness of security, and improvement of information-related technology and operational processes to ensure the company's information security and protection.

6. Changes to corporate image that impact the Company's crisis management, and response measures

The company upholds the philosophy of honesty, trust and sustainability. It has become self-focused and focused on its business operation. It has a good corporate image, abides by the relevant laws and regulations, and continues to maintain a good corporate image. There has been no corporate image change in the most recent year and up to the date of publication of the annual report.

7. Expected benefits and possible risks of mergers and acquisitions, and response measures

The company did not engage in any mergers or acquisitions in the past fiscal year and up to the publication date of the annual report.

8. Expected benefits and possible risks of plant expansion, and response measures

To support the Group's global expansion strategy, the Company invested in the establishment of a subsidiary in Vietnam, creating the Group's second production base. The first-phase plant was completed and commenced production at the end of 2021. In response to growing customer orders, Vietnam Subsidiary plans began the construction of a new facility in the third quarter of 2025, with completion scheduled by the end of second quarter 2026 and start mass production in second half 2026. The total estimated investment for plant construction and working capital is USD 5 million, which will be funded through a capital increase by the parent company using its own funds.

A potential risk is that customer orders after the expansion may fall short of expectations. To mitigate this risk, the Group will not only continue to strengthen relationships with existing customers but also actively develop new customers and new products, aiming to expand its

operational scale and diversify its sources of orders and revenue.

9. Risks resulting from consolidation of purchasing or sales operations, and response measures

(1) Risks resulting from consolidation of purchasing operations and response measures

The company's purchase objects are dispersed according to the source and nature of raw materials. The purchases from the largest supplier in the most recent three years accounted for 17.93%, 11.88% and 11.22% of the total purchases, respectively. The supplier meets the needs of the company with its quality, delivery, service, etc., and has a better understanding of the technical requirements and product quality of the company's products. In addition to this supplier, the company also purchases from other suppliers to diversify the situation of excessive concentration of purchases, and there are still other suppliers in the market, so there is no risk of interruption of supply sources. In summary, the company has no risks arising from the excessive concentration of purchases.

(2) Risks resulting from consolidation of sales and response measures

The company's total sales to the largest customer in the last three years accounted for 59.84%, 62.81% and 57.22% of each year's net sales respectively. The customer is a world-renowned manufacturer of power tool brands. The company has been recognized by customers for its product quality, research and development capabilities, available product models and production scale, so it has become its main ODM manufacturer. However, the Group understands that excessive sales concentration will expose the company to greater operational risks and has taken the following countermeasures:

- A. Cooperate with various brand subsidiaries of the customer group to develop multiple products to reduce the influence of the company's cooperation with the customer group due to individual decisions of a single business unit.
- B. The company has been cultivating power tool products for a long time. In addition to its professional design capabilities, it has developed powder metallurgy gears, three-piece parts for power tool machines, harmonic drive and other products in recent years. The company continuously improves its R&D technical capabilities and production process levels to provide customers with high-quality, competitively priced products. The company continues to increase its product portfolio to meet customers' one-time purchase and delivery requirements, reducing the risk of replacement.
- C. In recent years, the company has also continued to expand cooperation and sales with other power tool and automation equipment brand manufacturers. In addition to power tools, the company's sales of gears for industrial robotic gears, harmonic drive reducer, and mid-drive motor are also increasing year by year, which helps reduce the risk of the company's sales concentration.

10. Impact and risk to the Company due to major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or changed hands, and response measures:

For the past fiscal year up to the publication date of this report, there have been no significant changes to members of the board, directors, and major shareholders holding at least 10% of the shares.

11. Impact and risk due to any change in governance rights in the company, and response measures

Over the past fiscal year up to the publication date of this report, there has been no change in governance rights in the company.

12. Any litigious or non-litigious matters or administrative disputes up to the publication date of this report where the company and company directors, supervisors, general managers, and persons with actual responsibility in the company, and major shareholders holding more than 10% of the company's shares and affiliated companies who have been concluded through final judgment or still under litigation, to be a party thereof, and where the results thereof could materially affect the shareholders' equity or prices of the company's securities, as well as the facts of the dispute, amount of money at stake, date of litigation commencement, and main parties to the litigation:
- (1) Any litigious or non-litigious matters or administrative disputes up to the publication date of this report where the company has been concluded through final judgment or still under litigation, to be a party thereof, and where the results thereof could materially affect the shareholders' equity or prices of the company's securities: No such incident.
  - (2) Any litigious or non-litigious matters or administrative disputes up to the publication date of this report where the company directors, supervisors, general managers, and persons with actual responsibility in the company, and major shareholders holding more than 10% of the company's shares and affiliated companies who have been concluded through final judgment or still under litigation, to be a party thereof, and where the results thereof could materially affect the shareholders' equity or prices of the company's securities: No such incident.
13. Other material risks and response measures

The company is registered in the Cayman Islands and its main place of operation is in China and Vietnam. Therefore, changes in the overall economic and political environment of the place of registration and operation and fluctuations in foreign exchange will affect the operation of the company. In addition, there are a number of differences in the provisions of the Cayman Islands Companies Law and the Company Act of the Republic of China (ROC). Although the company has revised its Articles of Incorporation according to the Checklist for the Protection of Shareholder Rights and Interests in the Registration Site of a Foreign Issuer, there are still a number of differences related to corporate operations in the laws of both countries. An investor is unable to adopt the concept of legal rights protection for investments in Taiwanese companies when investing in a Cayman Islands company. Investors should have proper understanding and acquire professional advice to ensure that investments made in a company incorporated in the Cayman Islands are subject to shareholders' rights protection.

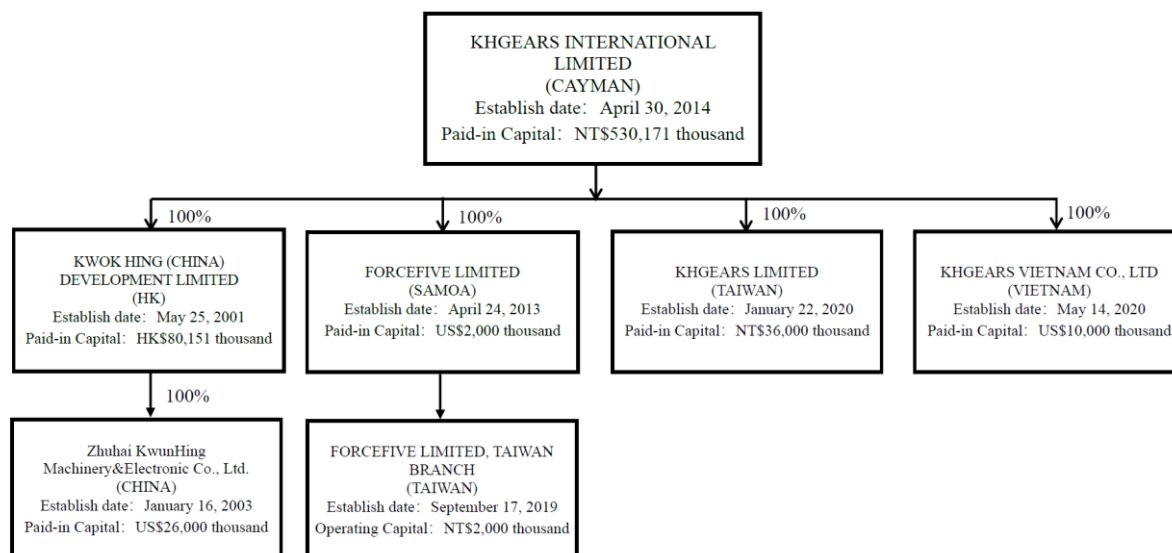
## **VII. Other important matters: None.**

## Chapter VII Special Items to be Included

### I. Information of affiliates

#### (I) Organizational chart of the affiliates

March 31, 2026



#### (II) Basic information of affiliates

Unit: thousand dollar

Company name	Date of incorporation	Registration	Paid-in capital	Main business items
KWOK HING (CHINA) DEVELOPMENT LIMITED	2001.05.25	Hong Kong	HK\$80,151	Investment holding company
FORCEFIVE LIMITED	2013.04.24	Samoa	US\$2,000	Sales of gears and gear boxes, Investment holding company
FORCEFIVE LIMITED, TAIWAN BRANCH	2019.09.17	Taiwan	Note	Sales of gears and gear boxes
Zhuhai KwunHing Machinery&Electronic Co., Ltd.	2003.01.16	Mainland China	US\$26,000	R&D, manufacture, and sales of gears and gear boxes
KHGEARS LIMITED	2020.01.22	Taiwan	36,000	R&D, manufacture, and sales of gears and gear boxes
KHGEARS VIETNAM CO., LTD	2020.05.14	Vietnam	US\$10,000	R&D, manufacture, and sales of gears and gear boxes

Note: there is no paid-in capital in branch

(III) Information of shareholders in common, presumed to have a relationship of control and subordination: None

(IV) Directors, supervisors, and general managers of affiliated companies

Unit: thousand Shares; %

Company name	Title	Name or representative	Company owned	Number of shares held	Shares held
KWOK HING (CHINA) DEVELOPMENT LIMITED	Chairman Director	Ko Kowk Hing Chung, Chao-Wen	KHGEARS INTERNATIONAL LIMITED	280	100%
FORCEFIVE LIMITED	Director Director & CEO General Manager	Wu, Chin-Jung Chung, Chao-Wen Tu, Chun-Hui	KHGEARS INTERNATIONAL LIMITED	2,000	100%
FORCEFIVE LIMITED, TAIWAN BRANCH	President	Tu, Chun-Hui	Note1	Note1	Note1
Zhuhai KwunHing Machinery&Electronic Co., Ltd.	Chairman Director Director & CEO Director & General Manager Supervisor	Ko Kowk Hing Wu, Chin-Jung Chung, Chao-Wen Tu, Chun-Hui Shih, Fu-Yuan	KWOK HING (CHINA) DEVELOPMENT LIMITED	-	100%
KHGEARS LIMITED	Chairman General Manager	Chung, Chao-Wen Tu, Chun-Hui	KHGEARS INTERNATIONAL LIMITED	3,600	100%
KHGEARS VIETNAM CO., LTD	Director & General Manager	Chang, Chao-Wen	KHGEARS INTERNATIONAL LIMITED	-	100%

Note1: It is a branch of FORCEFIVE LIMITED.

(V) Business operations of the affiliates

Unit: NT\$ thousand

Company name	Actual paid-in capital	Total assets Total Value	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Current profit (loss)	Earnings per share (NT\$)
KWOK HING (CHINA) DEVELOPMENT LIMITED	HK\$80,151	HK\$571,492	HK\$7,841	HK\$563,651	-	HK\$(23)	HK\$89,085	HK\$318.05
FORCEFIVE LIMITED	US\$2,000	US\$21,502	US\$12,720	US\$8,782	US\$43,985	US\$3,043	US\$3,493	US\$1.75
FORCEFIVE LIMITED, TAIWAN BRANCH	2,000	Note1	Note1	Note1	Note1	Note1	Note1	Note1
Zhuhai KwunHing Machinery&Electronic Co., Ltd.	US\$26,000	RMB\$617,275	RMB\$102,054	RMB\$515,221	RMB\$507,979	RMB\$88,333	RMB\$85,054	Note2
KHGEARS LIMITED	28,000	37,288	44,257	(6,969)	6,455	(21,209)	(21,365)	(7.63)
KHGEARS VIETNAM CO., LTD	US\$10,000	VND\$ 936,001,897	VND\$ 426,486,772	VND\$ 509,515,125	VND\$ 658,980,912	VND\$ 131,937,464	VND\$ 162,690,151	Note2

Note1: It is a branch of FORCEFIVE LIMITED.

Note2: A limited company has no issued shares, so there is no earnings per share.

(VI) Consolidated financial statement of affiliates: Refer to page 91.

(VII) Affiliation Report: Not applicable.

**II. Private placement of securities in the past fiscal year up to the publication date of this report: None.**

**III. Other supplementary information: None.**

**IV. Any event which has a material impact on the shareholders' equity or on prices of securities as specified in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act that have occurred in the past year up to the publication date of this report: None.**

**V. Explanation of the significant difference between the company's articles of association and ROC's shareholder rights protection regulations: Please refer to Appendix 1.**

## Statement

For the fiscal year 2025 (from January 1, 2025 to December 31, 2025), the companies required to be included in the preparation of the consolidated financial statements of affiliates in accordance with the “Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Affiliation Reports of Affiliated Enterprises” are the same as those required to be included in the preparation of the parent-subsidary consolidated financial statements in accordance with IFRS 10 as recognized by the Financial Supervisory Commission. Furthermore, the relevant information that should be disclosed in the consolidated financial statements of affiliates has already been disclosed in the aforementioned parent-subsidary consolidated financial statements. Therefore, a separate set of consolidated financial statements of affiliates will not be prepared.

Sincerely,

KHGEARS INTERNATIONAL LIMITED

Chairman: KWOK HING GLOBAL LIMITED

Representative: KO KWOK HING

Date: April 21, 2026

Appendix 1: Explanation of the significant difference between the company's articles of association and ROC's shareholder rights protection regulation

Differences	Laws of the Cayman Islands and description thereof	Provisions in the Articles of Incorporation and description thereof
<p>The definition of "special resolution" refers to the shareholders meeting attended by more than two-thirds of the total number of shareholders of the company's issued shares, with the consent of attending more than half of the shareholders' voting rights. If the total number of shares present at the shareholders is less than the above quota, the shareholders who represent more than half of the total number of issued shares may attend the meeting, and the consent of attending more than two-thirds of the shareholders' voting rights shall be allowed.</p>	<p>The Cayman Islands Company Law stipulates that special resolutions refer in principle to resolutions attended by shareholders representing more than one-half of the total number of shareholders of the company's issued shares, and the resolutions made by attending the shareholders' right to vote "more than two-thirds" .</p>	<p>Article 39 and Article 2(1) of the Articles of Association of the Company stipulate that the special resolution shall be a shareholders' meeting attended by more than half of the total number of voting shares issued by the representative company, attended by the shareholders in person, or legally authorized representatives by legal shareholders. Resolutions passed by more than two-thirds of the voting rights of shareholders who attended, or attended by proxy, complied with the requirements of the Cayman Islands Act and the Taiwan Company Law for public offering companies to attend and vote.</p>
<ol style="list-style-type: none"> <li>1. The company shall not remove its shares unless it reduces its capital in accordance with the resolution of the shareholders' meeting; the reduction of capital shall be reduced in accordance with the proportion of shares held by shareholders.</li> <li>2. The company reduces the capital and can return the shares with the property other than cash; the property and the amount of the refund shall be decided by the shareholders' meeting and approved by the shareholders who have received the property.</li> <li>3. The value of the property in the preceding paragraph and the amount of the offset shall be submitted to the accountant of the Republic of China for verification</li> </ol>	<p>Articles 14 to 18 of the Companies Law of the Cayman Islands have strict procedures and substantive regulations for the company's capital reduction, and the relevant regulations are mandatory and cannot be changed by the articles of association.</p>	<p>Articles 14 to 18 of the Companies Law of the Cayman Islands have strict procedures and substantive regulations for the company's capital reduction, and the relevant specifications are compulsory. If the articles of association are not changed, the checklist for protection of shareholders' rights and interests shall regulate the company's capital reduction. The requirements are quite different. For the avoidance of doubt, after obtaining the opinion of a Cayman Islands lawyer, the article 14 of the company's articles of association provides that the company's capital reduction shall be handled in accordance with the procedures and conditions stipulated by the Cayman Islands Act and the listing (counter) regulations. As for the standard requirements for the company's capital reduction in the</p>

Differences	Laws of the Cayman Islands and description thereof	Provisions in the Articles of Incorporation and description thereof
<p>by the board of directors before the shareholders' meeting.</p>		<p>checklist for protection of shareholders' rights and interests, it is stipulated in Article 24(1) of the company's articles of association, which shall be replaced by the way of buying back shares in accordance with the proportion of shareholders.</p>
<p>1. The company shall hold a physical shareholders' meeting in the Republic of China. If a physical shareholders' meeting is held outside the Republic of China, the consent shall be reported to the stock exchange within two days after the resolution of the board of directors or the shareholders' permission to convene from the competent authority.</p> <p>2. When the company convenes a shareholders' meeting outside the Republic of China, it shall entrust a professional stock affairs agency within the territory of the Republic of China to accept the shareholders' voting matters.</p>	<p>The Cayman Islands Decree has no relevant provisions.</p>	<p>The company does not provide in its Articles of Association for shareholders' meetings to be held by means of video, so the norms in the leftmost column regarding shareholders' meetings of separate entities do not apply to the company. As stated in the previous paragraph of Article 31 of the company's articles of association: "During the relevant period, the shareholders' meeting of the company shall be convened within the territory of the Republic of China." Without exception, there is no other standard for the holding of shareholders' meetings outside the territory of the Republic of China. Necessary.</p> <p>In addition, the company's shareholders' meeting during the relevant period will be held in the Republic of China, but the company will still entrust professional stock affairs agencies in the Republic of China to handle shareholders' voting and other related matters.</p>
<p>Shareholders who continue for more than one year and hold more than 3% of the total issued shares can write down the proposed matters and reasons in writing and request the board of directors to convene an extraordinary meeting of</p>	<p>There is no local authority in the Cayman Islands that is responsible for reviewing whether shareholders can convene shareholders' meetings.</p>	<p>Since the company is a company established under the Cayman Islands company law, and the Cayman Islands does not have a local authority responsible for reviewing whether shareholders can convene a shareholders' meeting on their own,</p>

Differences	Laws of the Cayman Islands and description thereof	Provisions in the Articles of Incorporation and description thereof
<p>shareholders. Within fifteen days after the request is submitted, when the board of directors does not notify the convening, the shareholders may report to the competent authority for permission to convene on their own.</p>		<p>in accordance with Article 32(1) of the company' s articles of association, continue one Shareholders holding more than 3% of the total number of issued shares over the year may be able to state in writing the reasons for the convening and the reasons for it, and request the board of directors to convene shareholders meeting. When the board of directors does not comply with the written request for the notice of the shareholders' meeting within 15 days after receiving the request, the shareholders who have requested the above may convene the shareholders' meeting without having to report to the competent authority for permission.</p>
<p>Shareholders who exercise their voting rights in writing or electronically are deemed to attend the shareholders' meeting in person.</p>	<p>According to the opinions of Cayman Islands lawyers, shareholders who exercise their voting rights in writing or electronically shall not be regarded as attending in person, but shall be interpreted as appointing the chairman of the shareholders' meeting as an agent.</p>	<p>The following paragraph of Article 57 of the Articles of Association of the Company stipulates: "Shareholders who exercise their voting rights in writing or electronically shall be deemed to entrust the chairman of the shareholders' meeting as an agent to exercise the voting rights in accordance with the contents contained in the written or electronic documents. There is no right to vote on matters that are not discussed or indicated, temporary motions or amendments to the original motion. For the avoidance of doubt, when shareholders exercise their voting rights in the above manner, the provisional motion of the shareholders' meeting and the amendments to the original motion shall be regarded as abstentions. Therefore, there is no significant difference in the actual operation of this article from the provisions of the laws of the Republic of China, but the</p>

Differences	Laws of the Cayman Islands and description thereof	Provisions in the Articles of Incorporation and description thereof
		<p>explanation is to use the chairman of the shareholders' meeting as the agent of these shareholders who vote in writing or electronically to comply with the Cayman Islands Act. The requirement for shareholders to exercise voting rights on the spot or in person on behalf of an agent.</p>
<p>A company that issues shares without par value cannot be converted into par value shares.</p>	<p>According to the last paragraph of Article 8(1) of the Cayman Islands Company Law: Provided further that no exempted company shall divide its capital into both shares of a fixed amount and shares without nominal or par value. Therefore, after obtaining the opinion of a Cayman Islands lawyer, and in accordance with the above-mentioned regulations and the process of practically issuing shares, the Cayman Islands exempt company shall not convert par value shares into par value shares; and vice versa.</p>	<p>Because the issued shares of the company are all par value shares, the company has not yet issued or converted into shares with no par value, so the company does not actually apply to the "Shares without Par Value cannot be converted into par value shares." of ROC's shareholder rights protection regulation.</p> <p>In order to avoid doubts, the company has consulted the checklist of protection of shareholders' rights and interests for the purpose of regulation. According to the current situation of the company, Article 7(5) of the articles of association stipulates: "The company shall not issue shares without par value or convert shares with par value into shares without par value."</p>
<p>1. The company's articles of association may stipulate that the distribution of surplus or loss shall be made after the end of each quarter or half of the fiscal year.</p> <p>2. The proposal for the company's profit distribution or loss allowance in the first three quarters or the first half of the fiscal year shall be submitted to the supervisor or the audit committee for verification</p>	<p>The Cayman Islands Decree has no relevant provisions.</p>	<p>According to the provisions of Article 100(3) of the company's articles of association, the company adopts the annual surplus distribution system, and does not adopt the distribution of surplus or make up losses after the end of each quarter or half of the fiscal year, so there is no application of the requirements in the leftmost column. .</p>

Differences	Laws of the Cayman Islands and description thereof	Provisions in the Articles of Incorporation and description thereof
<p>together with the business report and financial statements, and then proposed to the board of directors for resolution.</p> <p>3. When the company distributes surpluses in accordance with the preceding paragraph, it should first estimate and retain taxable contributions, make up for losses in accordance with the law, and provide statutory surplus reserves. However, when the statutory surplus reserve has reached the paid-in capital, this requirement is not applicable.</p> <p>4. When the company distributes surpluses in accordance with the second paragraph and adopts the method of issuing new shares, it shall be represented by shareholders representing more than two-thirds of the total number of issued shares. If the total number of shares of shareholders present is less than the above-mentioned quota, the shareholders representing more than half of the total number of issued shares may attend the meeting, and the consent of more than two-thirds of the voting rights of the shareholders present. Those who issue cash dividends shall be subject to the resolution of the board of directors.</p> <p>5. When the company distributes surpluses or makes up losses in accordance with the preceding four provisions, it shall do so in accordance with the financial statements audited and attested or reviewed by accountants. °</p>		

Differences	Laws of the Cayman Islands and description thereof	Provisions in the Articles of Incorporation and description thereof
<p>1.The company has supervisors selected by the shareholders' meeting. At least one of the supervisors must have a domicile in China.</p> <p>2.The term of the supervisor shall not exceed three years, but can be re-elected.</p> <p>3.When all the supervisors are discharged, the board of directors shall convene an extraordinary meeting of shareholders to select them within 60 days.</p> <p>4.The supervisor shall supervise the execution of the company's business and may at any time investigate the company's business and financial situation, check, copy or copy the book documents, and may request the board of directors or the manager to submit a report.</p> <p>5.The supervisor shall check the various lists of the shareholders' meeting fabricated by the board of directors, and report their opinions to the shareholders' meeting.</p> <p>6.The supervisors may appoint accountants and lawyers for auditing on behalf of the company.</p> <p>7.The supervisor may attend the board of directors to present opinions. If the board of directors or directors conduct business in violation of laws, regulations or resolutions of the shareholders' meeting, the supervisor shall immediately notify the board of directors or directors to stop their actions.</p>	<p>The Cayman Islands Decree has no relevant provisions.</p>	<p>The company adopts the audit committee system and does not have a supervisor. Therefore, the specifications in the leftmost column do not apply to the company.</p>

Differences	Laws of the Cayman Islands and description thereof	Provisions in the Articles of Incorporation and description thereof
<p>8.The supervisors may each exercise their supervisory power separately.</p> <p>9.Supervisors shall not concurrently serve as company directors, managers or other employees.</p>		
<p>1.Shareholders who continue to hold more than 1% of the company's total issued shares for more than six months can request the supervisor to file a lawsuit against the directors for the company, and use the Taipei District Court in Taiwan as the court of first instance jurisdiction.</p> <p>2.Within 30 days after the shareholder submits the request, if the supervisor does not file a lawsuit, the shareholder may file a lawsuit for the company, and the Taipei District Court in Taiwan may be the jurisdiction court of the first instance.</p>	<p>The Cayman Islands Decree has no relevant provisions.</p>	<p>The company adopts the audit committee system and does not have a supervisor. Therefore, refer to the provisions of Article 14-4, Item 3 of the Taiwan Securities Exchange Act, the director replaces the supervisor in the leftmost column. In Article 86 of the company's articles of association, a minority shareholder can request in writing that any independent director of the audit committee submits the company to a court of competent jurisdiction (including the Taipei District Court in Taiwan) for damage to the company or violation of the laws of the Cayman Islands, Directors of the listing (counter) regulations or the company's articles of association filed a lawsuit.</p>
<p>1. The Articles of Association may specify that the shareholders' meeting shall be held by video conference or other means announced by the competent authority of the R.O.C. Company Act. However, due to a natural disaster, event or other force majeure, the competent authority of the R.O.C. Company Act may announce that the company may meet by video conference or its announcement within a certain period of time without being specified in the articles of incorporation.</p>	<p>The Cayman Islands Decree has no relevant provisions.</p>	<p>The company will evaluate whether to add a requirement for the company to hold shareholders' meetings by video. If so, the requirements of the leftmost column will be included in the Articles of Association and the Internal Regulations of the company.</p>

Differences	Laws of the Cayman Islands and description thereof	Provisions in the Articles of Incorporation and description thereof
<p>2. If a shareholders' meeting is held by video conference, the shareholders who participate in the meeting by video conference shall be deemed to be present in person.</p> <p>3. The conditions, operating procedures and other matters to be complied with by the company in connection with the shareholders' meeting by video conference shall be in accordance with the provisions of the Securities and Exchange Act of the R.O.C. .</p>		

**KHGEARS INTERNATIONAL LIMITED**

**Chairman: KWOK HING GLOBAL LIMITED**

**Representative: KO KWOK HING**