

KING SHING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Stock Code: 7732)

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KING SHING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’
REPORT FOR THE YEARS ENDED DECEMBER 31,
2025 AND 2024
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King Shing Industrial Co., Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

Companies that should be included in the preparation of the consolidated financial statement of affiliated enterprises according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required for the preparation of the consolidated financial statements of parent companies and subsidiaries according to the IFRS 10 in 2025 (from January 1 to December 31, 2025). The relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the above consolidated financial statements of the parent companies and their subsidiaries. The Company shall not be required to prepare separate consolidated financial statements of affiliated enterprises.

Hereby declare

Company name: King Shing Industrial Co., Ltd.

Responsible person: Shih, Chun-Chin

March 11, 2026

Independent Auditors' Review Report

(2026) Financial Review No. 25004341

To King Shing Industrial Co., Ltd.,

Audit opinions

We have audited the accompanying consolidated balance sheets of King Shing Industrial Co., Ltd. and its Subsidiaries (hereinafter refer to as the "King Shing Group") as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for January 1 to December 31, 2025 and 2024, and notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the King Shing Group as of December 31, 2025 and 2024, and its consolidated financial performance and cash flows from January 1 to December 31, 2025 and 2024 in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

Basis for audit opinions

We conducted our audits of the consolidated financial statements in accordance with the "Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants", and auditing standards of the Republic of China. Our responsibilities under those standards are further addressed in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the King Shing Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters of the King Shing Group's 2025 consolidated financial statements were as follows:

Evaluation of allowance for inventory valuation losses

Description of matters

Please refer to Note IV(XV) of the consolidated financial report for accounting policies on inventory, Note V(II) for critical accounting estimates and assumptions in relation to inventory valuation, and Note VI(VI) for details of inventories.

King Shing Group is primarily engaged in manufacturing and sales of fans and blowers for automotive cooling systems. Considering the useful life of vehicles and the diverse range of products in the after-sales service market, which are available in small quantities, the company needs to prepare adequate inventories to gain market share. This increases the risk of loss on inventory valuation or inventory obsolescence. Each inventory is measured at the lower of cost and net realizable value. Inventory is evaluated for impairment

due to normal wear and tear, obsolescence, or changes in selling prices, and valuation losses are recognized accordingly.

As the amounts of inventory are material, considering the estimation of net realizable value of inventory and the adjustment of obsolete inventory exceeding a certain period of its shelf life is subject to the subjective judgment of management, we evaluated that the impact of amount of allowance for inventory valuation losses on the financial statements is significant. Therefore, we consider the allowance for inventory valuation losses to be one of the most important matters for this year's audit.

Audit Procedures in Response

We performed the main response procedures in respect of the specific aspects mentioned in the above key audit matters as summarized below:

1. Understand and evaluate the reasonableness of the company's inventory valuation policies.
2. Understand the annual inventory plan of King Shing Group and participate in the annual inventory taking to evaluate the effectiveness of the management's classification and control of obsolete inventories.
3. Obtain inventory aging reports and verify related supporting documents for the dates on which inventory changes occurred, ensure the age ranges are classified correctly and are consistent with the policies.
4. Obtain reports of which the net realizable value of inventories are evaluated, verify the completeness of the reports, and test the accuracy of the net realizable value and related calculations, thereby evaluating the reasonableness of King Shing Group's decision regarding the allowance for valuation loss.

Sales revenue cutoff

Description of matters

Please refer to Note IV(XXX) of the consolidated financial report for accounting policies on sales revenue. Please refer to Note VI(XVII) of the consolidated financial report for the details of sales revenue.

The operating revenue of the King Shing Group derives from manufacturing and selling fans and blowers for automotive cooling systems. There are different types of transactions terms when selling them to the customers. Sales revenue is recognized according to the individually agreed transaction terms with customers and confirmation of transfer of control of goods upon shipment. In particular, whether the control of goods shipped before the end of the reporting period has transferred to the customers in accordance with the agreed transaction terms will affect the period to which sales revenue is attributed in the financial statements. Therefore, we consider the cutoff of sales revenue to be one of the most important matters for this year's audit.

Audit Procedures in Response

We performed the main response procedures in respect of the specific aspects mentioned in the above key audit matters as summarized below:

1. We have acknowledged and evaluated the internal controls regarding the timing of recognition of sales revenue for King Shing Group, and tested the effectiveness of these controls.
2. Cutoff tests were conducted on sales transactions during a certain period before and after the end of the financial reporting period to assess the accuracy of the timing of revenue recognition.

Other matters- Parent company only financial reports

King Shing Industrial Co., Ltd. has prepared the parent company only financial statements for 2025, and 2024. We have issued an audit report with an unqualified opinion, which was filed for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, and maintain necessary internal controls related to the preparation of consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing King Shing Group's financial reporting process.

Auditor's responsibilities for auditing the consolidated financial statement

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

We exercise professional judgment and maintain professional skepticism according to the auditing standards of the Republic of China when auditing. We also:

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

responsible for the direction, supervision and performance of the group audit. We are responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to affect our independence (including related safeguards).

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

PricewaterhouseCoopers, Taiwan

Lin, Se-Kai

CPA

Chen, Chi-Tung

Former Securities and Futures Bureau of Financial
Supervisory Commission

Approval certificate number: Order No. Financial-
Supervisory-Securities-IV-0960072936

Financial Supervisory Commission

Approval certificate number: Order No. Financial-
Supervisory-Securities-Auditing-1130350413

March 11, 2026

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit: Expressed in thousands of New Taiwan Dollars

Assets	Notes	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	VI(I)	\$ 451,012	20	\$ 374,278	19
1136	Financial assets at amortized cost-current	VI(IV) and VIII	56,157	3	44,364	2
1150	Notes receivable, net	VI(V)	2,351	-	2,222	-
1170	Accounts receivable, net	VI(V)	271,908	12	245,742	12
1200	Other receivables		7,553	-	7,072	-
130X	Inventories	VI(VI)	369,753	17	377,856	19
1410	Prepayments		2,164	-	2,997	-
1470	Other current assets		279	-	321	-
11XX	Total current assets		<u>1,161,177</u>	<u>52</u>	<u>1,054,852</u>	<u>52</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss – non-current	VI(II)	30,934	2	-	-
1517	Financial assets at fair value through other comprehensive income – non-current	VI(III)	45,885	2	-	-
1535	Financial assets at amortized cost-non-current	VI(IV) and VIII	30,607	2	192	-
1600	Property, plant and equipment	VI(VII) and VIII	926,732	41	929,400	46
1755	Right-of-use assets	VI(VIII)	6,389	-	8,330	-
1780	Intangible assets	VI(X)	7,542	-	10,448	1
1840	Deferred income tax assets	VI(XXIV)	27,849	1	19,063	1
1900	Other non-current assets	VI(XII)	3,610	-	6,562	-
15XX	Total non-current assets		<u>1,079,548</u>	<u>48</u>	<u>973,995</u>	<u>48</u>
1XXX	Total assets		<u>\$ 2,240,725</u>	<u>100</u>	<u>\$ 2,028,847</u>	<u>100</u>

(Continued)

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit: Expressed in thousands of New Taiwan Dollars

Liabilities and equity	Notes	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
Current liabilities					
2100 Short-term loans	VI(XI)	\$ 190,000	8	\$ 143,000	7
2130 Contract liabilities- current	VI(XVII)	3,441	-	4,031	-
2170 Accounts payable		82,036	4	93,810	5
2200 Other payables	VII	59,384	3	59,687	3
2230 Current income tax liabilities		15,438	1	12,362	-
2280 Lease liabilities- current		2,883	-	2,905	-
2300 Other current liabilities		10,949	-	16,006	1
21XX Total current liabilities		<u>364,131</u>	<u>16</u>	<u>331,801</u>	<u>16</u>
Non-current liabilities					
2570 Deferred income tax liabilities	VI(XXIV)	9,239	1	9,881	1
2580 Lease liabilities- non-current		3,723	-	5,556	-
2600 Other non-current liabilities	VI(XII)	27,814	1	14,000	1
25XX Total non-current liabilities		<u>40,776</u>	<u>2</u>	<u>29,437</u>	<u>2</u>
2XXX Total liabilities		<u>404,907</u>	<u>18</u>	<u>361,238</u>	<u>18</u>
Equity attributable to owners of the parent					
Share capital					
3110 Share capital - common stock	VI(XIV)	646,800	29	600,000	30
Capital surplus					
3200 Capital surplus	VI(XV)	748,562	33	573,711	28
Retained earnings					
3310 Legal reserve	VI(XVI)	64,112	3	47,253	2
3320 Special reserve		8,682	-	47,323	2
3350 Unappropriated retained earnings		383,966	17	408,004	20
Other equity interest					
3400 Other equity interest		16,749	1	8,682	-
3500 Treasury Stock	VI(XIV)	(33,053)	(1)	-	-
31XX Total equity attributable to owners of parent		<u>1,835,818</u>	<u>82</u>	<u>1,667,609</u>	<u>82</u>
3XXX Total equity		<u>1,835,818</u>	<u>82</u>	<u>1,667,609</u>	<u>82</u>
Significant Events after the Balance Sheet Date	XI				
3X2X Total liabilities and equity		<u>\$ 2,240,725</u>	<u>100</u>	<u>\$ 2,028,847</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Statements of Comprehensive Income
December 31, 2025 and 2024

Unit: Expressed in thousands of New Taiwan Dollars
(Except for earnings per share expressed in New Taiwan Dollar)

Item	Notes	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
4000 Operating revenue	VI(XVII)	\$ 1,092,317	100	\$ 1,085,128	100
5000 Operating costs	VI(VI)(XXII) (XXIII)	(768,666)	(71)	(736,227)	(68)
5900 Operating profit - gross		<u>323,651</u>	<u>29</u>	<u>348,901</u>	<u>32</u>
Operating expenses	VI(XXII)(XXIII) and VII				
6100 Selling expenses		(49,845)	(4)	(47,222)	(4)
6200 Administrative expenses		(107,020)	(10)	(103,565)	(10)
6300 Research and development expenses		(29,029)	(3)	(26,808)	(2)
6450 Expected credit impairment loss	XII(II)	(2,135)	-	(1,577)	-
6000 Total operational expenses		(<u>188,029</u>)	(<u>17</u>)	(<u>179,172</u>)	(<u>16</u>)
6900 Operating profit		<u>135,622</u>	<u>12</u>	<u>169,729</u>	<u>16</u>
Non-operating income and expenses					
7100 Interest income	VI(III)(IV)(XVIII)	13,291	1	7,209	-
7010 Other income	VI(IX)(XIX)	3,657	-	4,107	-
7020 Other gains and losses	VI(XX)	(12,339)	(1)	19,744	2
7050 Finance cost	VI(XXI)	(2,860)	-	(3,162)	-
7000 Total non-operating income and expenses		<u>1,749</u>	<u>-</u>	<u>27,898</u>	<u>2</u>
7900 Profit before income tax		137,371	12	197,627	18
7950 Income tax expense	VI(XXIV)	(25,029)	(2)	(31,626)	(3)
8200 Net income for the period		<u>\$ 112,342</u>	<u>10</u>	<u>\$ 166,001</u>	<u>15</u>

(Continued)

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Statements of Comprehensive Income
December 31, 2025 and 2024

Unit: Expressed in thousands of New Taiwan Dollars
(Except for earnings per share expressed in New Taiwan Dollar)

Item	Notes	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Other comprehensive income - net						
Components not to be reclassified to profit or loss						
8311	Remeasurements of defined benefit plans	VI(XII)	\$ 814	-	\$ 3,641	-
8349	Income tax related to components that are not reclassified subsequently to profit or loss	VI(XXIV)	(175)	-	(1,050)	-
8310	Components not to be reclassified to profit or loss - total		639	-	2,591	-
Components that may be reclassified to profit or loss						
8361	Exchange difference arising from translation of foreign financial statements		26,174	3	38,641	4
8367	Net unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	VI(III)	(743)	-	-	-
8360	Components that may be reclassified to profit or loss - total		25,431	3	38,641	4
8300	Other comprehensive income - net		\$ 26,070	3	\$ 41,232	4
8500	Total comprehensive income (loss)		\$ 138,412	13	\$ 207,233	19
Net profit attributable to:						
8610	Owners of the parent		\$ 112,342	10	\$ 166,001	15
			\$ 112,342	10	\$ 166,001	15
Total comprehensive income attributable to:						
8710	Owners of the parent		\$ 138,412	13	\$ 207,233	19
			\$ 138,412	13	\$ 207,233	19
Basic earnings per share						
9750	Basic earnings per share	VI(XXV)	\$ 1.73		\$ 2.77	
Diluted earnings per share						
9850	Diluted earnings per share	VI(XXV)	\$ 1.73		\$ 2.76	

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Liao, Yi-Lin

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Statements of Changes in Equity
December 31, 2025 and 2024

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	Capital surplus		Retained earnings			Other equity interest		Treasury Stock	Total equity	
		Share capital - common stock	Share premium	Employee share options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign financial statements			Net unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income
2024											
Balance - January 1, 2024		\$ 600,000	\$ 606,111	\$ -	\$ 34,574	\$ -	\$ 366,134	(\$ 47,323)	\$ -	\$ -	\$ 1,559,496
Net income for the period		-	-	-	-	-	166,001	-	-	-	166,001
Other comprehensive income		-	-	-	-	-	2,591	38,641	-	-	41,232
Total comprehensive income (loss)		-	-	-	-	-	168,592	38,641	-	-	207,233
Appropriation and distribution of earnings:	VI(XVI)										
Legal reserve recognized		-	-	-	12,679	(12,679)	-	-	-	-	-
Provision of special surplus reserve		-	-	-	-	47,323	(47,323)	-	-	-	-
Cash dividend		-	-	-	-	-	(66,720)	-	-	-	(66,720)
Capital reserve allotment of cash dividends	VI(XV)	-	(32,400)	-	-	-	-	-	-	-	(32,400)
Balance - December 31, 2024		\$ 600,000	\$ 573,711	\$ -	\$ 47,253	\$ 47,253	\$ 408,004	(\$ 8,682)	\$ -	\$ -	\$ 1,667,609
2025											
Balance - January 1, 2025		\$ 600,000	\$ 573,711	\$ -	\$ 47,253	\$ 47,253	\$ 408,004	(\$ 8,682)	\$ -	\$ -	\$ 1,667,609
Net income for the period		-	-	-	-	-	112,342	-	-	-	112,342
Other comprehensive income		-	-	-	-	-	639	26,174	(743)	-	26,070
Total comprehensive income (loss)		-	-	-	-	-	112,981	26,174	(743)	-	138,412
Appropriation and distribution of earnings:	VI(XVI)										
Legal reserve recognized		-	-	-	16,859	(16,859)	-	-	-	-	-
Cash dividend		-	-	-	-	(132,000)	-	-	-	-	(132,000)
Reversal of special surplus reserve		-	-	-	-	(38,641)	38,641	-	-	-	-
Increase of shares	VI(XIV)	60,000	190,128	(927)	-	-	-	-	-	-	249,201
Share-based payment transaction	VI(XIII)	-	-	927	-	-	-	-	-	-	927
Purchase of treasury stock	VI(XIV)	-	-	-	-	-	-	-	-	(88,331)	(88,331)
Cancellation of treasury shares	VI(XIV)	(13,200)	(15,277)	-	-	(26,801)	-	-	-	55,278	-
Balance - December 31, 2025		\$ 646,800	\$ 748,562	\$ -	\$ 64,112	\$ 8,682	\$ 383,966	\$ 17,492	(\$ 743)	(\$ 33,053)	\$ 1,835,818

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Liao, Yi-Lin

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
December 31, 2025 and 2024

Unit: Expressed in thousands of New Taiwan Dollars

	<u>Notes</u>	<u>January 1 to December 31, 2025</u>	<u>January 1 to December 31, 2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 137,371	\$ 197,627
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	XII(II)	2,135	1,577
Loss on Financial Assets (Liabilities) at Fair Value Through Profit or Loss	VI(II)(XX)	878	-
Depreciation	VI(VII)(VIII) (XXII)	68,702	59,372
Amortization	VI (X)(XXII)	2,930	2,806
Interest expense	VI (XXI)	2,860	3,162
Interest income	VI(XVIII)	(13,291)	(7,209)
Share-based payment compensation cost	VI(XIII) (XXIII)	927	-
Loss (gain) on disposal of property, plant and equipment	VI(XX)	29	(617)
Changes in operating assets and liabilities			
Net changes in operating assets			
Notes receivable		(129)	2,190
Accounts receivable		(28,297)	16,049
Other receivables		622	(940)
Inventories		8,103	(16,639)
Prepayments		833	(1,513)
Other current assets		42	275
Other non-current assets		-	(1,192)
Net changes in operating liabilities			
Financial liabilities at fair value through profit or loss	VI(II)	(382)	-
Contract liabilities- current		(590)	2,228
Accounts payable		(11,774)	15,485
Other payables		(326)	4,137
Other current liabilities		(5,057)	9,572
Other non-current liabilities		15,197	3,455
Cash inflow generated from operating activities		180,783	289,825
Interest received		12,188	6,761
Interest Paid		(2,914)	(3,169)
Income taxes paid		(31,412)	(54,869)
Cash inflow generated from operating activities, net		<u>158,645</u>	<u>238,548</u>

(Continued)

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
December 31, 2025 and 2024

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	January 1 to December 31, 2025	January 1 to December 31, 2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial instruments at fair value through profit or loss	VI(II)	(\$ 31,430)	\$ -
Acquisition of financial assets at fair value through other comprehensive income	VI(III)	(46,628)	-
Acquisition of financial assets at amortized cost		(42,208)	(38,133)
Acquisition of property, plant and equipment	VI(XXVI)	(48,951)	(58,326)
Disposal of property, plant and equipment		184	659
Acquisition of intangible assets	VI(X)	-	(2,037)
Decrease (increase) in refundable deposits		<u>662</u>	<u>(2,155)</u>
Cash outflow generated from investing activities, net		<u>(168,371)</u>	<u>(99,992)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	VI(XXVII)	420,000	382,000
Repayment of short-term borrowings	VI(XXVII)	(373,000)	(418,000)
Repayments for the principal of lease liabilities	VI(XXVII)	(2,982)	(1,686)
Increase in refundable deposits	VI(XXVII)	160	(160)
Capital increase by cash	VI(XIV)	249,201	-
Cash dividends distributed	VI(XV)(XVI) (XXVII)	(132,000)	(99,120)
Payments to acquire treasury shares	VI(XIV)	<u>(88,331)</u>	<u>-</u>
Cash inflow (outflow) generated from financing activities, net		<u>73,048</u>	<u>(136,966)</u>
Effect of changes in exchange rate		<u>13,412</u>	<u>18,895</u>
Increase in cash and cash equivalents		76,734	20,485
Cash and cash equivalents, beginning of period		<u>374,278</u>	<u>353,793</u>
Cash and cash equivalents, end of period		<u>\$ 451,012</u>	<u>\$ 374,278</u>

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Liao, Yi-Lin

King Shing Industrial Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024

Unit: Expressed in thousands of New Taiwan Dollars
(Except as otherwise indicated)

I. History and Organization

King Shing Industrial Co., Ltd. (hereinafter referred to as “the Company”) was established on March 28, 1989. The Company and subsidiaries (hereinafter collectively referred to as “the Group”) are primarily engaged in the research, development, manufacturing, and sales of automotive parts. The Company’s shares have been listed and traded on the Taiwan Stock Exchange since January 2025.

II. Date of Authorization for Issuance of Financial Statements and Procedures for Authorization

The consolidated financial statements were approved for issuance by the Board of Directors on March 11, 2026.

III. Application of New Standards, Amendments and Interpretations

(I) Effect of the adoption of new issuances of and amendments to International Financial Reporting Standards and accounting standards as endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

New, amended and revised IFRSs and accounting standards that have been endorsed by the FSC and become effective beginning in 2025 are stated as follows:

New Standards, Interpretations and Amendments	Effective Date Issued by International Accounting Standards Board (“IASB”)
Amendments to IAS 21, “Lack of Exchangeability”	January 1, 2025

The aforementioned standards and interpretations have no significant impact on the Group’s financial position and financial performance based on the Group’s assessment.

(II) Effect of new issuances of and amendments to IFRSs and accounting standards as endorsed by the FSC but not yet adopted by the Company

New, amended and revised IFRSs and accounting standards that have been endorsed by the FSC and become effective beginning in 2026 are stated as follows:

New Standards, Interpretations and Amendments	Effective Date Issued by International Accounting Standards Board (“IASB”)
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IAS 7 – Contracts Involving Natural Power	January 1, 2026
IFRS 17 – Insurance Contracts	January 1, 2023
Amendments to IFRS 17 – Insurance Contracts	January 1, 2023

New Standards, Interpretations and Amendments	Effective Date Issued by International Accounting Standards Board (“IASB”)
Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 — Comparative Information	January 1, 2023
Annual Improvements to IFRS Standards – Cycle 11	January 1, 2026

The aforementioned standards and interpretations have no significant impact on the Group’s financial position and financial performance based on the Group’s assessment.

(III) Effect of IFRSs and accounting standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date Issued by International Accounting Standards Board (“IASB”)
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18, “Presentation and Disclosure in Financial Statements”	January 1, 2027(Note)
IFRS 19, “Subsidiaries without Public Accountability, disclosure”	January 1, 2027
Amendments to International Accounting Standard 21 (IAS 21): “Lack of Exchangeability (Translation into a Hyperinflationary Currency)”	January 1, 2027

Note: In a press release dated September 25, 2025, the Financial Supervisory Commission (“FSC”) announced that public companies will be required to adopt International Financial Reporting Standard No. 18 (“IFRS 18”) beginning in fiscal year 2028. In addition, entities that wish to early adopt IFRS 18 may elect to do so after IFRS 18 has been endorsed by the FSC, subject to the relevant requirements.

Except for the matters stated below, the aforementioned standards and interpretations have no significant impact on the Group’s financial position and financial performance based on the Group’s assessment:

IFRS 18, “Presentation and Disclosure in Financial Statements”

IFRS 18, “Presentation and Disclosure in Financial Statements” replaces IAS 1 and updates the structure of the statement of comprehensive income. It introduces disclosures for management performance measurement, and strengthens the principles of aggregation and disaggregation applied to the main financial statements and notes.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the consolidated financial statements are addressed below. Unless otherwise stated, these policies are consistently applicable to all periods presented.

(I) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, “IFRSs”) endorsed and issued into effect by the FSC.

(II) Basis of preparation

1. Except for the following significant items, the consolidated financial statements have been prepared on the historical cost basis.
 - (1) Financial assets and financial liabilities at fair value through profit or loss (including derivatives).
 - (2) Financial assets at fair value through other comprehensive income (FVOCI).
 - (3) Defined benefit liabilities recognized as the net of retirement fund assets and the present value of defined benefit obligations.
2. The preparation of consolidated financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note V.

(III) Basis for consolidation

1. Basis for preparation of consolidated financial statements
 - (1) The Group includes all subsidiaries as entities for the preparation of the consolidated financial reports. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed or gains rights to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. A subsidiary is consolidated from the date the Group gains control over it until the date such control ceases.
 - (2) All transactions, balances and unrealized profit or loss among the companies within the Group have been eliminated in full. Accounting policies of subsidiaries have been adjusted where necessary to maintain consistency with those of the Group.
 - (3) Profit or loss and each component of other comprehensive income are attributed to owners of the parent and non-controlling interests; the total comprehensive income is also attributed to owners of the parent and non-controlling interests, even if it results in the non-controlling interests having a deficit balance.
2. Consolidated subsidiaries are as follows:

Name of investor	Name of subsidiary	Main businesses	Shareholding (%)		Note
			December 31 2025	December 31 2024	
The Company	KING SHING AUTOMOBILE PARTS CO.,LTD.	Manufacturing automotive components	100%	100%	-

3. Subsidiaries not consolidated: None.
4. Adjustment and handling methods for different accounting periods of subsidiaries: Not applicable.

5. Material restriction: Not applicable.

6. Subsidiaries with material non-controlling interests of the Group: None.

(IV) Foreign currency translation

Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in “New Taiwan Dollars” (NTD), which is the Company’s functional and presentation currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from translating the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing as at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing as at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing as at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (4) All other foreign exchange gains and losses are presented in the statements of comprehensive income within “other gains and losses” based on the types of transactions.

2. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate as at the date of the balance sheet.
- (2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of the period.
- (3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (2) Held mainly for trading purposes.
- (3) Expected to be realized within twelve months after the reporting period.
- (4) Cash or cash equivalents, unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Assets that meet none of the above criteria are classified by the Group as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
 - (1) Liabilities that are expected to be settled within the normal operating cycle.
 - (2) Held mainly for trading purposes.
 - (3) Liabilities expected to be settled within twelve months after the reporting period.
 - (4) The entity does not have the right to defer settlement of the liability for at least twelve months after the reporting period.

Liabilities that meet none of the above criteria are classified by the Group as non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents. Time deposits with original maturities of more than three months are classified, based on their maturity dates, as financial assets measured at amortized cost — current or financial assets measured at amortized cost — non-current.

(VII) Financial assets at fair value through profit or loss (FVTPL)

1. These comprise financial assets that are not classified as financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income.
2. For financial assets at fair value through profit or loss that qualify as regular-way purchases or sales, the Group applies trade-date accounting.
3. The Group initially measures such financial assets at fair value. Related transaction costs are recognized in profit or loss. Subsequently, the assets are measured at fair value, with any resulting gains or losses recognized in profit or loss.

(VIII) Financial assets at fair value through other comprehensive income (FVOCI)

1. These comprise investments in debt instruments that are either irrevocably designated upon initial recognition or that meet both of the following conditions:
 - (1) The financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.
 - (2) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. For financial assets at fair value through other comprehensive income that qualify as regular-way purchases or sales, the Group applies trade-date accounting.
3. The Group initially measures such financial assets at fair value plus transaction costs and subsequently measures them at fair value. For debt instruments, changes in fair value are recognized in other comprehensive income. Impairment losses, interest income, and foreign exchange gains or losses recognized prior to derecognition are recognized in profit or loss. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss.

(IX) Financial assets at amortized cost

1. These comprise financial assets that meet both of the following conditions:
 - (1) The financial assets are held within a business model whose objective is to collect contractual cash flows.

- (2) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. For financial assets measured at amortized cost that qualify as regular-way purchases or sales, the Group applies trade-date accounting.
 3. The Group initially measures such financial assets at fair value plus transaction costs. Subsequently, interest income is recognized over the term of the financial assets using the effective interest method, impairment losses are recognized, and upon derecognition, any resulting gains or losses are recognized in profit or loss.
 4. The Group holds time deposits that do not meet the definition of cash equivalents. As the holding period is short and the effect of discounting is not material, such deposits are measured at the invested amount.
- (X) Accounts and notes receivable
1. As per contractual agreements, accounts and notes receivable entitle the Group an unconditional legal right to receive consideration in exchange for transferred goods or rendered services.
 2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- (XI) Impairment of financial assets
- For financial assets at amortized cost, the Group measures, at each balance sheet date, the impairment provision at 12-month expected credit losses if there has no significant increase in credit risk since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts; or measures the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition; On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.
- (XII) Derecognition of financial assets
- The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.
- (XIII) Not-hedging derivatives
- Derivatives not designated as hedging instruments are initially recognized at fair value on the date the contract is entered into and are subsequently accounted for as financial assets or liabilities at fair value through profit or loss. They are subsequently measured at fair value, and any gains or losses arising from changes in fair value are recognized in profit or loss.
- (XIV) Leasing Arrangement (Lessor) - Operating Leases
- Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.
- (XV) Inventories
- Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods, goods in process, and semi-finished goods comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). However, loan costs are excluded. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

(XVI) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized as profit or loss during the financial period in which they are incurred.
3. While land is not depreciated, other property, plant and equipment that apply cost model are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant in relation to the total cost of the item, it must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. Useful lives of property, plant and equipment are as follows:

Buildings and structures	2 ~ 31 years
Machinery and equipment	2 ~ 10 years
Transportation equipment	5 ~ 10 years
Office equipment	5 ~ 10 years
Mold equipment	2 ~ 10 years
Communication equipment	2 ~ 10 years
Other equipment	2 ~ 10 years

(XVII) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities when they are available for use by the Group. When the lease contract is for a short-term lease or a lease of low-value underlying assets, the lease payments are recognized as an expense on a straight-line basis over the lease term.
2. The lease liabilities are recognized at the discounted present value of the unpaid lease payments at the Group's incremental borrowing rate on the lease commencement date. The lease payments include fixed payment, less any rental incentives that may be received. It is subsequently measured at amortized cost by the interest method, and the interest expense is set aside during the lease period. The lease liabilities will be reassessed and the right-of-use assets will be adjusted accordingly when there is a change in the lease term or lease payment not caused by contractual modification.
3. The right-of-use assets are recognized at cost on the lease commencement date. The costs include:
 - (1) The amount of the initial measurement of the lease liability; and
 - (2) any lease payments made at or before the commencement date.

The costs will be subsequently measured according to cost model, and the depreciation expense will be recognized over the expiration of the useful life of the right-of-use asset or the lease term, whichever is earlier. When the lease liabilities are reassessed, the right-of-use assets will be adjusted for any remeasurement of the lease liabilities.

(XVIII) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 10 years.

(XIX) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal costs or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior periods no longer exist or diminish, the impairment loss is reversed. However, the increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XX) Loans

Loans comprise short-term bank loans. Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss as interest expenses over the period of the loans using the effective interest method.

(XXI) Accounts payable

1. Accounts payable are liabilities arising from the purchase of raw materials, goods, or services on credit.
2. Short-term accounts payable that do not bear interest are measured at the original invoice amount, as the effect of discounting is immaterial.

(XXII) Financial liabilities at fair value through profit or loss (FVTPL)

1. These comprise financial liabilities that are incurred principally for the purpose of repurchasing in the near term, as well as derivative instruments held for trading, except for those designated as hedging instruments under hedge accounting.
2. The Group initially measures such financial liabilities at fair value. Related transaction costs are recognized in profit or loss. Subsequently, they are measured at fair value, with any resulting gains or losses recognized in profit or loss.

(XXIII) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or canceled or expires.

(XXIV) Provisions for liabilities

Provisions for liabilities are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions for liabilities are measured at the best estimate of present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When

discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions for liabilities are not recognized for future operating losses.

(XXV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

2. Pensions

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is calculated based on discounting the future benefits earned by employees for services rendered during the current or past periods, and presented by the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

B. Remeasurements arising from defined benefit plans are recognized in other comprehensive income for the period in which they arise and are presented in retained earnings.

C. Expenses related to prior service costs are recognized immediately in profit or loss.

3. Termination benefits

Termination benefits are provided to employees upon termination of their employment before the normal retirement date or when an employee decides to accept the company's offer for benefits in exchange for termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are not expected to be fully settled within 12 months after the balance sheet date should be discounted.

4. Employees' and directors' remuneration

Employees' and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XXVI) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation

cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date, up until the amount of compensation cost is recognized in full on the day the number of equity instruments eventually vest.

(XXVII) Income tax

1. The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The management periodically evaluates implementations taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to distribute the earnings.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction (excluding business combinations) and, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not result in equal taxable and deductible temporary differences. Deferred tax liability is recognized for temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVIII) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are deducted from equity, net of income tax, as a deduction from the proceeds.
2. When the Company repurchases its issued shares, the consideration paid, including any directly attributable incremental costs, net of income tax, is recognized as a deduction

from equity. When such treasury shares are subsequently reissued, the difference between the consideration received, net of any directly attributable incremental costs and income tax effects, and the carrying amount of the shares, is recognized as an adjustment to equity.

(XXIX) Dividend distribution

Dividends to be distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders' meeting resolves to distribute the dividends, with cash dividends recognized as a liability.

(XXX) Revenue recognition

1. The Group manufactures and sells automotive fans and related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers. There is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. Sales revenue of products such as automotive fans is recognized in the amount equal to its contractual price less the estimated sales discounts and allowance and price reduction. Sales discount and allowances and price reductions granted to customers are usually calculated based on cumulative amount of sales over a 12-month period. The Group estimates sales discount and allowances and price reductions using the expected value method based on historical experience. Sales revenue is recognized to the extent that a significant reversal is highly improbable. Revenue recognition is revisited at each balance sheet date. The estimated sales discounts and allowances and price reductions related to sales and granted to customers are recognized as refund liabilities as of the balance sheet date. The credit terms for sales transactions are usually from 30 to 120 days after the shipment date. As the time interval between the transfer of goods or services pledged and the payment from customers does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
3. The Group's obligation to provide reparation for faulty products under the standard warranty terms is recognized as a provision.
4. A receivable is recognized when goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(XXXI) Segment Information

The segment information of the Group is reported in a consistent manner with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to segments and evaluating their performance. The chief operating decision maker of the Group is the Board of Directors.

V. Critical Accounting Judgments, Estimates and Assumptions on Uncertainty

The preparation of the consolidated financial statements requires the management to make judgments in applying the Group's accounting policies, as well as accounting estimates and assumptions for the reasonable expectation of future events based on circumstances as of the balance sheet date. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Below details the uncertainties of critical accounting judgments, estimates and assumptions:

(I) Critical judgments in applying the Group's accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date based on judgments and estimates. Due to fast-changing technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Inventory valuation mainly considers the estimation of net realizable value of inventory and adjustment of obsolete inventory exceeding a certain period of its shelf life, which may result in significant changes. Please refer to Note VI(VI) for details on the carrying amount of inventories of the Group as of December 31, 2025.

VI. Details of Significant Accounting Items

(I) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	\$ 298	\$ 337
Demand deposits	109,279	91,214
Cash equivalents		
Time deposits	341,435	236,828
Short-term notes and bills	-	45,899
	<u>\$ 451,012</u>	<u>\$ 374,278</u>

1. The Group transacts with a variety of financial institutions with high credit quality for the purpose of spreading credit risk. As such, the probability of counterparty default is expected to be low.
2. For the years ended December 31, 2025 and 2024, the Group classified cash and cash equivalents with restricted purposes, such as deposit with periods exceeding three months and guarantee, amounting to \$56,363 and \$44,556 respectively, as “ financial assets at amortized cost”. Please refer to Notes VI(IV) and Note VIII for details.

(II) Financial assets and financial liabilities at fair value through profit or loss

(There were no such transactions as of December 31, 2024.)

	December 31, 2025
<u>Financial assets mandatorily measured at fair value through profit or loss</u>	
Non-current items	
Beneficial certificates	\$ 31,430
Valuation adjustment	(496)
	<u>\$ 30,934</u>

1. The details of financial assets and liabilities measured at fair value through profit or loss recognized in profit or loss are as follows:

	2025
<u>Financial assets and liabilities mandatorily measured at fair value through profit or loss</u>	
Equity instruments	(\$ 496)
Derivatives	(382)
	<u>(\$ 878)</u>

2. The Group has not pledged any financial assets measured at fair value through profit or loss as collateral.
3. For credit risk information related to financial assets measured at fair value through profit or loss, please refer to Note XII(II).

(III) Financial assets measured at fair value through other comprehensive income – Non-current

(There were no such transactions as of December 31, 2024.)

	<u>December 31, 2025</u>	
<u>Debt instruments</u>		
Corporate bonds	\$	46,628
Valuation adjustment	(	743)
	<u>\$</u>	<u>45,885</u>

1. The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and other comprehensive income are as follows:

	<u>2025</u>	
<u>Debt instruments measured at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	(\$	743)
Interest income recognized in profit or loss	<u>(\$</u>	<u>544)</u>

2. The Group has not pledged any financial assets measured at fair value through other comprehensive income as collateral.
3. Without considering any collateral or other credit enhancements held, the maximum exposure to credit risk of the financial assets measured at fair value through other comprehensive income held by the Group as of December 31, 2025, was \$45,885.
4. For credit risk information related to financial assets measured at fair value through other comprehensive income, please refer to Note XII(II).

(IV) Financial assets at amortized cost

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
<u>Current assets</u>				
Pledged time deposits	\$	8,658	\$	5,389
Time deposits with maturity over three months		47,499		38,975
	<u>\$</u>	<u>56,157</u>	<u>\$</u>	<u>44,364</u>
<u>Non-current assets</u>				
Pledged time deposits	\$	206	\$	192
Corporate bonds		30,401		-
Total	<u>\$</u>	<u>30,607</u>	<u>\$</u>	<u>192</u>

1. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	2025	2024
Interest income	\$ 1,307	\$ 558

- Without taking into account the collateral or other credit enhancements held, the financial assets at amortized cost that best represents the Group at the maximum exposure to credit risk were \$86,764 and \$44,556 on December 31, 2025 and 2024, respectively.
- For information concerning financial assets at amortized cost pledged as collateral, please refer to Note VIII.
- For information relating to credit risk of financial assets at amortized cost, please refer to Note XII(II). The trading counterparties of the Group's investment in time deposit certificates are financial institutions with good credit quality, so it is expected that the probability of default is low.

(V) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 2,351	\$ 2,222
Accounts receivable	280,916	252,611
Less: Allowance for bad debts	(9,008)	(6,869)
	<u>\$ 274,259</u>	<u>\$ 247,964</u>

- The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 262,183	\$ 2,351	\$ 231,944	\$ 2,222
Within 30 days	7,122	-	13,746	-
31 - 90 days	4,324	-	3,941	-
Over 91 days	7,287	-	2,980	-
	<u>\$ 280,916</u>	<u>\$ 2,351</u>	<u>\$ 252,611</u>	<u>\$ 2,222</u>

The table above shows an aging analysis based on the number of days overdue.

- The balances of accounts receivable and notes receivable as of December 31, 2025 and 2024 were all generated by customer contracts, and the balance of accounts receivable (including notes receivable) for the customer contracts as of January 1, 2024 amounted to \$276,580.
- The Group has not pledged notes receivable and accounts receivable as collateral.
- Without taking into account the collateral or other credit enhancements held, the notes receivable that best represents the Group at the maximum exposure to credit risk were \$2,351 and \$2,222 on December 31, 2025 and 2024, respectively. The accounts receivable that best represents the Group at the maximum exposure to credit risk were \$271,908 and \$245,742 on December 31, 2025 and 2024, respectively.
- Information concerning credit risks of accounts and notes receivable is provided in Note XII(II).

(VI) Inventories

	December 31, 2025		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and supplies	\$ 197,756	(\$ 49,507)	\$ 148,249
Work in process and semi- finished goods	265,410	(70,940)	194,470
Finished goods	29,807	(2,814)	26,993
Goods	55	(14)	41
	<u>\$ 493,028</u>	<u>(\$ 123,275)</u>	<u>\$ 369,753</u>

	December 31, 2024		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and supplies	\$ 187,940	(\$ 44,464)	\$ 143,476
Work in process and semi- finished goods	256,718	(65,393)	191,325
Finished goods	47,732	(4,720)	43,012
Goods	60	(17)	43
	<u>\$ 492,450</u>	<u>(\$ 114,594)</u>	<u>\$ 377,856</u>

Amount recognized as cost of goods sold for the current period is as follows:

	<u>2025</u>	<u>2024</u>
Cost of inventories sold	\$ 761,067	\$ 737,622
Losses on retirement of inventories	246	441
Valuation loss (Gain from price recovery)	7,941	(1,129)
Inventory overage	(588)	(707)
	<u>\$ 768,666</u>	<u>\$ 736,227</u>

The Group recognized a decrease in cost of goods sold in 2024 due to the recovery of net realizable value from the destocking of products that had previously been recognized for valuation loss.

(VII) Property, plant and equipment

2025

	Land		Buildings and structures				Machinery and equipment	Mold equipment	Other equipment	Construction in progress and equipment pending acceptance	Total
	For self-use	For lease	For self-use	For lease							
January 1											
Cost	\$ 331,116	\$ 179,100	\$ 390,878	\$ 900	\$ 226,902	\$ 308,317	\$ 69,684	\$ 17,993	\$ 1,524,890		
Accumulated depreciation	-	-	(224,540)	(900)	(176,260)	(155,790)	(38,000)	-	(595,490)		
	<u>\$ 331,116</u>	<u>\$ 179,100</u>	<u>\$ 166,338</u>	<u>\$ -</u>	<u>\$ 50,642</u>	<u>\$ 152,527</u>	<u>\$ 31,684</u>	<u>\$ 17,993</u>	<u>\$ 929,400</u>		
January 1	\$ 331,116	\$ 179,100	\$ 166,338	\$ -	\$ 50,642	\$ 152,527	\$ 31,684	\$ 17,993	\$ 929,400		
Additions	-	-	2,053	-	5,223	9,379	1,021	32,234	49,910		
Disposal	-	-	(13)	-	(169)	-	(31)	(213)			
Transfers	-	-	1,038	-	10,816	9,061	3,779	(24,694)	-		
Depreciation	-	-	(17,306)	-	(11,611)	(31,355)	(5,368)	-	(65,640)		
Net exchange difference	1,206	-	2,898	-	1,995	5,529	1,210	437	13,275		
December 31	<u>\$ 332,322</u>	<u>\$ 179,100</u>	<u>\$ 155,008</u>	<u>\$ -</u>	<u>\$ 56,896</u>	<u>\$ 145,141</u>	<u>\$ 32,295</u>	<u>\$ 25,970</u>	<u>\$ 926,732</u>		
December 31											
Cost	\$ 332,322	\$ 179,100	\$ 403,364	\$ 900	\$ 249,346	\$ 340,049	\$ 76,494	\$ 25,970	\$ 1,607,545		
Accumulated depreciation	-	-	(248,356)	(900)	(192,450)	(194,908)	(44,199)	-	(680,813)		
	<u>\$ 332,322</u>	<u>\$ 179,100</u>	<u>\$ 155,008</u>	<u>\$ -</u>	<u>\$ 56,896</u>	<u>\$ 145,141</u>	<u>\$ 32,295</u>	<u>\$ 25,970</u>	<u>\$ 926,732</u>		

2024

	Land		Buildings and structures				Construction in progress and equipment pending acceptance	Total	
	For self-use	For lease	For self-use	For lease	Machinery and equipment	Mold equipment			Other equipment
January 1									
Cost	\$ 329,270	\$ 179,100	\$ 375,111	\$ 900	\$ 200,832	\$ 261,908	\$ 44,688	\$ 29,942	\$ 1,421,751
Accumulated depreciation	-	-	(198,774)	(763)	(157,654)	(119,477)	(35,672)	-	(512,340)
	<u>\$ 329,270</u>	<u>\$ 179,100</u>	<u>\$ 176,337</u>	<u>\$ 137</u>	<u>\$ 43,178</u>	<u>\$ 142,431</u>	<u>\$ 9,016</u>	<u>\$ 29,942</u>	<u>\$ 909,411</u>
January 1	\$ 329,270	\$ 179,100	\$ 176,337	\$ 137	\$ 43,178	\$ 142,431	\$ 9,016	\$ 29,942	\$ 909,411
Additions	-	-	415	-	1,800	17,316	1,315	37,414	58,260
Disposal	-	-	-	-	(27)	-	(15)	-	(42)
Transfers	-	-	691	-	11,945	13,302	25,438	(51,376)	-
Depreciation	-	-	(16,506)	(137)	(9,548)	(27,167)	(4,282)	-	(57,640)
Net exchange difference	1,846	-	5,401	-	3,294	6,645	212	2,013	19,411
December 31	<u>\$ 331,116</u>	<u>\$ 179,100</u>	<u>\$ 166,338</u>	<u>\$ -</u>	<u>\$ 50,642</u>	<u>\$ 152,527</u>	<u>\$ 31,684</u>	<u>\$ 17,993</u>	<u>\$ 929,400</u>
December 31									
Cost	\$ 331,116	\$ 179,100	\$ 390,878	\$ 900	\$ 226,902	\$ 308,317	\$ 69,684	\$ 17,993	\$ 1,524,890
Accumulated depreciation	-	-	(224,540)	(900)	(176,260)	(155,790)	(38,000)	-	(595,490)
	<u>\$ 331,116</u>	<u>\$ 179,100</u>	<u>\$ 166,338</u>	<u>\$ -</u>	<u>\$ 50,642</u>	<u>\$ 152,527</u>	<u>\$ 31,684</u>	<u>\$ 17,993</u>	<u>\$ 929,400</u>

For information on guarantees provided by property, plant and equipment, please refer to Note VIII.

(VIII) Lease Transactions - Lessee

1. The underlying assets leased by the Group include land and official vehicles. The lease contract period are usually between 3 and 8 years. The lease contract is negotiated individually and contains various terms and conditions. No other restrictions are imposed except that the leased assets cannot be used as loan guarantees.
2. The information on the carrying amount of the right-of-use assets and the recognized depreciation expense is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Book value</u>	<u>Book value</u>
Land	\$ 194	\$ 291
Transportation equipment	6,195	8,039
	<u>\$ 6,389</u>	<u>\$ 8,330</u>

	<u>2025</u>	<u>2024</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 97	\$ 97
Transportation equipment	2,965	1,635
	<u>\$ 3,062</u>	<u>\$ 1,732</u>

3. The increases in the Group's right-of-use assets for 2025 and 2024 amounted to \$1,034 and \$7,010 respectively.
4. The information on the profit and loss items related to the lease contract is as follows:

Items affecting current profit and loss	<u>2025</u>	<u>2024</u>
Interest expense of lease liabilities	\$ 237	\$ 149
Expenses on short-term lease contracts	1,026	1,221
Expenses on lease of low-value assets	304	261
5. The total cash outflows used in the Group's leases for 2025 and 2024 amounted to \$4,549 and \$3,317 respectively.

(IX) Lease Transactions - Lesser

1. The underlying assets leased to others by the Group include land and buildings. The lease contract period are usually between 1 to 2 years. The lease contract is negotiated individually and contains various terms and conditions.
2. For the years 2025 and 2024, the Group recognized rental income of \$2,900 under operating lease agreements, none of which was attributable to variable lease payments.
3. The maturity date analysis of the lease payments by the Group under operational leasing is as follows:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>
2026	\$ 1,510	2025	\$ 1,350
2027	160	2026	400
	<u>\$ 1,670</u>		<u>\$ 1,750</u>

(X) Intangible assets

	2025		2024	
	Computer software		Computer software	
January 1				
Cost	\$	23,766	\$	21,374
Accumulated amortization	(	13,318)	(	10,302)
	\$	10,448	\$	11,072
January 1	\$	10,448	\$	11,072
Acquisition		-		2,037
Amortization	(	2,930)	(	2,806)
Net foreign exchange gains and losses		24		145
December 31	\$	7,542	\$	10,448
December 31				
Cost	\$	23,931	\$	23,766
Accumulated amortization	(	16,389)	(	13,318)
	\$	7,542	\$	10,448

1. The details of amortization of intangible assets are as follows:

	2025		2024	
Operating costs	\$	1,446	\$	1,510
Selling expenses		88		73
Administrative expenses		1,098		961
Research and development expenses		298		262
	\$	2,930	\$	2,806

2. The Group has no intangible assets provided as collateral.

(XI) Short-term loans

Type of loans	December 31, 2025	Interest rate range	Collateral
Bank loans			
Secured loans	\$ <u>190,000</u>	0.885%~1.885%	Land, buildings and structures
Type of loans	December 31, 2024	Interest rate range	Collateral
Bank loans			
Secured loans	\$ <u>143,000</u>	1.86%~1.885%	Land, buildings and structures

Interest expenses recognized in the profit or loss for 2025 and 2024 amounted to \$2,623 and \$3,013 respectively.

(XII) Pensions

1. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years (inclusive) and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company contributes monthly an amount of \$100 to the retirement fund deposited with Bank of Taiwan, under the name of the independent retirement fund committee. Also, the Company assesses the balance in the aforementioned labor pension reserve account at year end each year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by the end of next March. The Company terminated its retirement fund account on June 30, 2025. Nevertheless, as certain employees remain subject to this retirement scheme, the Company will continue to adjust its provision for employee retirement benefits in accordance with the actuarial valuation of the defined benefit plan.
2. The pension system applicable to the company in Thailand within the merged companies adheres to the local "Thailand Labor Protection Act" which is a defined benefit pension plan. The payment of employee pensions is calculated based on years of service and wages before the approved retirement date, and the company is obligated to provide a specified retirement payment upon the employee's retirement according to labor regulations.
3. Defined benefit plans

(1) The amounts recognized in the balance sheet are as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	(\$ 27,304)	(\$ 25,989)
Fair value of plan assets	-	13,747
Surplus(Deficit)	(27,304)	(12,242)
Net defined benefit liabilities	(\$ 27,304)	(\$ 13,650)
Net defined benefit assets(Note)	-	1,408
	(\$ 27,304)	(12,242)

(Note) Recognized in "Other non-current assets".

(2) The changes in the net defined benefit liabilities are as follows:

	2025		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (liabilities)
January 1	(\$ 25,989)	\$ 13,747	(\$ 12,242)
Service cost of the current period	(1,904)	-	(1,904)
Interest (expense) income	(551)	215	(336)
Gain (Loss) on Settlement	162	-	162
	(28,282)	13,962	(14,320)

	2025		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (liabilities)
Remeasurements:			
Return on plan assets	-	820	820
Change in demographic assumptions	711	-	711
Impact of changes in financial assumptions	(1,162)	-	(1,162)
Experience adjustments	445	-	445
	<u>6</u>	<u>820</u>	<u>814</u>
Contribute to the retirement fund	-	205	205
Pension payment	1,663	(554)	1,109
Reimbursement of Plan Assets	-	(14,433)	(14,433)
Foreign exchange gain or loss	(679)	-	(679)
December 31	<u>(\$ 27,304)</u>	<u>\$ -</u>	<u>(\$ 27,304)</u>
	2024		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (liabilities)
January 1	(\$ 25,148)	\$ 11,528	(\$ 13,620)
Service cost of the current period	(2,098)	-	(2,098)
Interest (expense) income	(584)	152	(432)
	<u>(27,830)</u>	<u>11,680</u>	<u>(16,150)</u>
Remeasurements:			
Return on plan assets	-	1,000	1,000
Change in demographic assumptions	1,719	-	1,719
Impact of changes in financial assumptions	(1,065)	-	(1,065)
Experience adjustments	1,987	-	1,987
	<u>2,641</u>	<u>1,000</u>	<u>3,641</u>
Contribute to the retirement fund	-	1,200	1,200
Pension payment	133	(133)	-
Foreign exchange gain or loss	(933)	-	(933)
December 31	<u>(\$ 25,989)</u>	<u>\$ 13,747</u>	<u>(\$ 12,242)</u>

(3) The management of fund assets of the Company's defined benefit retirement plan is delegated to Bank of Taiwan, following the proportions and amounts specified in the Annual Plan for Investment and Utilization of the Funds, and is managed according to Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (such as deposit in domestic and foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate securitization products). Relevant management of these assets is supervised by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company has no rights to participate in the operation and management of the fund, it is unable to disclose the classification of fair value of plan assets according to paragraph 142 of IAS 19. For details on the fair value of the total assets comprising the Fund for December 31, 2025, and 2024, please refer to the annual Labor Retirement Fund Utilization Reports announced by the government.

(4) The summary of actuarial assumptions regarding pension is as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	1.25%~2.36%	1.50%~2.77%
Future salary increase rate	2.75%~5.00%	2.75%~5.00%

The assumption regarding future mortality rates is based on statistics and empirical estimates announced by each country.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2025				
Effect on the present value of defined benefit obligation	(\$ 744)	\$ 775	\$ 700	(\$ 675)
	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024				
Effect on the present value of defined benefit obligation	(\$ 724)	\$ 755	\$ 686	(\$ 662)

The sensitivity analysis above is the analysis of the effect of changes in one single assumption while keeping other assumptions unchanged. In practice, changes in many assumptions may be interrelated. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods adopted and assumptions used for the sensitivity analysis prepared for the current period are the same as those used in the previous period.

- (5) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2026 amount to \$753.
- (6) As of December 31, 2025, the weighted average duration of that pension plan is 8.8~17 years.

The maturity analysis on pension payments is as follows:

Less than 1 year	\$	1,233
1 - 2 years		741
2 - 5 years		4,334
Over 5 years		23,233
	\$	<u>29,541</u>

4. (1) Effective July 1, 2005, the Company have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. According to the labor pension systems opted by employees as per the “Labor Pension Act”, the Company makes a monthly contribution based on 6% of the employees’ monthly salaries and wages to their individual pension accounts at the Bureau of Labor Insurance. The pensions accrued in employees’ individual accounts and the amounts of accumulated gains are paid monthly or in lump sum.
- (2) The pension costs recognized by the Group in accordance with the above pension regulations for 2025 and 2024 amounted to \$6,115 and \$6,301 respectively.

(XIII) Share-based payment

1. The share-based payment arrangements of the Company for 2025 and 2024 are as follows:

Type of agreement	Grant date	Number of stocks granted	Contract period	Vesting conditions
Employee share option plan	2023.04.21	170 (shares in thousands)	3 years	Vested immediately
Cash capital increase with subscription rights reserved for employees	2024.12.30	306 (shares in thousands)	-	Vested immediately

The share-based payment arrangements mentioned above are equity-settled.

2. The detailed information regarding the share-based payment arrangements mentioned above is as follows:

	2025		2024	
	Number of share options	Weighted average exercise price (NT\$)	Number of share options	Weighted average exercise price (NT\$)
Share options outstanding as of January 1	-	\$ -	-	\$ -
Share options granted for the current period	306	40	-	-
Share options exercised for the current period	(306)	40	-	-
Share options outstanding as of December 31	-	-	-	-
Exercisable share options as of December 31	-	-	-	-

3. The fair value of share option for the share-based payment transaction granted at the grant date was estimated using with the Black-Scholes option evaluation model. The relevant information is as follows:

Type of agreement	Grant date	Stock price	Exercise price	Expected volatility (Note)	Expected duration	Expected dividends	Risk-free rate	Fair value per unit
Employee share option plan	2023.04.21	NT\$25.04	NT\$10	26.13%	1.5 years	-	1.01%	NT\$15.19
Cash capital increase with subscription rights reserved for employees	2024.12.30	NT\$42.9	NT\$40	38.05%	0.02years	-	1.37%	NT\$3.03

Note: The expected volatility is estimated using the stock prices from the most recent period equivalent to the expected duration of the share options, and the standard deviation of the stock returns within that period.

4. Expenses arising from share-based payment transactions are as follows:

	2025	2024
Equity-settled	\$ 927	\$ -

(XIV) Share capital

- The Company's authorized capital amounted to \$1,300,000 and \$800,000, and the paid-in capital was \$646,800 and \$600,000 with a par value of \$10 per share on December 31, 2025 and 2024, respectively. All proceeds from shares issued have been collected.
- The reconciliation of the number of common shares outstanding at the beginning and end of the period is as follows:

	2025	2024
	shares in thousands	shares in thousands
January 1	60,000	60,000
Cash capital increase	6,000	-
Cancellation of treasury shares	(1,320)	-
Share Repurchase	(819)	-
December 31	63,861	60,000

3. Pursuant to the resolution adopted by the Board of Directors on November 28, 2024, the Company issued 6,000 thousand ordinary shares for cash capital increase in connection with the initial public offering, with a par value of NT\$10 per share and proceeds of \$249,201. The baseline date for the capital increase was January 10, 2025, and the registration for the change has been completed.

4. Treasury Shares (There were no such treasury shares as of December 31, 2024.)

(1) Reason and number of shares repurchased:

Company holding the share	Reason for repurchase	2025	
		Number of shares (in thousands)	Book value
The Company	To maintain corporate credit and shareholders' equity	1,320	\$ 55,278
The Company	Shares reserved for employee transfer	819	\$ 33,053

(2) In accordance with the Securities and Exchange Act, the total number of shares repurchased by the Company shall not exceed ten percent of the total number of its issued shares. The total repurchase amount shall not exceed the sum of retained earnings, share premium, and realized capital surplus.

(3) Treasury shares held by the Company, in accordance with the Securities and Exchange Act, shall not be pledged and shall not be entitled to shareholders' rights before being transferred.

(4) Pursuant to the Securities and Exchange Act, shares repurchased for transfer to employees shall be transferred within five years; any untransferred shares shall be deemed unissued and cancelled through registration amendment. Shares repurchased to maintain the Company's creditworthiness and protect shareholders' interests shall be cancelled within six months of repurchase.

(5) The Company's Board of Directors resolved on August 12, 2025, to cancel treasury shares, with the record date set as August 12, 2025. The cancellation of 1,320 thousand treasury shares and the related change in paid-in capital were completed on September 23, 2025.

(XV) Capital surplus

1. Pursuant to the Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of ordinary shares and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership when the Company has no accumulated deficit. Furthermore, the Securities and Exchange Act requires that the amount of capital reserve to be capitalized mentioned above not exceeding 10% of the paid in capital each year. Capital reserve should not be used to cover accumulated deficit even though the surplus reserve is insufficient.

2. The Company has distributed cash dividends from the capital surplus amounting to \$32,400 (NT\$0.54 per share), which was approved by the Board of Directors on April 8, 2024.

3. The Company has distributed cash dividends from the capital surplus amounting to \$31,840 (NT\$0.50 per share), which was approved by the Board of Directors on March 11, 2026.

(XVI) Retained earnings

1. If there are any earnings on the final financial statement, the Company shall first pay tax and make up for the accumulated losses, and then set aside 10% of such earnings as a legal reserve, unless the legal reserve has reached the Company's paid-in capital. Furthermore, the special reserve shall be set aside or reversed as required by the regulations or by the competent authority. The balance shall be added to the unappropriated retained earnings at the beginning of the period as distributable earnings. After careful consideration of retention, the Board of Directors shall prepare a profit distribution proposal for approval from the shareholders' meeting before distribution.
2. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash by a resolution approved by more than half of the directors present at a meeting with the presence of more than two-thirds of the directors and submitted to the Shareholders' Meeting.
3. The Company's dividend policies are as follows:

The Company is at the growing stage. The Company's stock dividend is appropriated based on accumulated distributable earnings, dividends shall take into consideration the Company's current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with shareholders' profit and the Company's long-term financial plans. Dividends should be no less than 30% of the distributable earnings for the current year. At least 20% of the dividends distributed for the current year should be allocated as cash dividends. But the Board of Directors may adjust this ratio according to the overall operating conditions at the time and shall submit it to the Shareholders' Meeting for resolution.

4. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
5. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
6. The earnings distribution for 2024 and 2023 was adopted in the shareholders' meeting on May 27, 2025 and June 28, 2024. Details are summarized below:

	2024		2023	
	Amount	Dividends per share	Amount	Dividends per share
Legal reserve	\$ 16,859		\$ 12,679	
(Reverse) Special reserve	(38,641)		47,323	
Cash dividends	<u>132,000</u>	\$ 2.00	<u>66,720</u>	\$ 1.112
	<u>\$ 110,218</u>		<u>\$ 126,722</u>	

For information on the distribution of earnings in the shareholders' meeting mentioned above, please proceed to the Market Observation Post System for reference.

7. The earnings distribution for 2025 was adopted in the Board of Directors, March 11, 2026. Details are summarized below:

	2025	
	Amount	Dividends per share
Legal reserve	\$ 8,618	
Reversed of special reserve	(8,682)	
Cash dividends	63,680	\$ 1.000
	<u>\$ 63,616</u>	

The earnings appropriation for 2025 has not yet been resolved by the shareholders, for information on the distribution of earnings, please proceed to the Market Observation Post System for reference.

(XVII) Operating revenue

	2025	2024
Revenue from customer contracts	<u>\$ 1,092,317</u>	<u>\$ 1,085,128</u>

1. The Group's main business activities are manufacturing and selling automotive parts. The Group's revenue is derived from transfer of goods at a certain point of time to customers.

	2025		2024	
Types of fans- traditional	\$	746,513	\$	756,534
Types of fans- electric		226,785		213,750
Others		119,019		114,844
	\$	<u>1,092,317</u>	\$	<u>1,085,128</u>

2. Contract liabilities

The contract liabilities related to revenue from customer contracts recognized by the Group in December 31, 2025, December 31, 2024, and January 1, 2024, were, \$3,441、\$4,031 and \$1,803, respectively, representing advance sales receipts.

The balance of the contract liabilities at the beginning of the period recognized as revenue for the current period is as follows:

	2025		2024	
The balance of the contract liabilities at the beginning of the period recognized as revenue for the current period				
Advance sales receipts	\$	<u>4,031</u>	\$	<u>1,803</u>

(XVIII) Interest income

	2025	2024
Interest income from bank deposits	\$ 11,392	\$ 6,625
Interest income from financial assets at amortized cost	1,307	558
Interest income on financial assets measured at fair value through other comprehensive income	544	-
Other interest income	48	26
	<u>\$ 13,291</u>	<u>\$ 7,209</u>

(XIV) Other income

	2025	2024
Rental income	\$ 2,900	\$ 2,900
Miscellaneous income	757	1,207
	<u>\$ 3,657</u>	<u>\$ 4,107</u>

(XX) Other gains and losses

	2025	2024
Foreign exchange gains (loss)	(\$ 11,349)	\$ 19,156
Net loss on financial assets and liabilities measured at fair value through profit or loss	(878)	-
(Loss) gain on disposal of property, plant and equipment	(29)	617
Miscellaneous disbursements	(83)	(29)
	<u>(\$ 12,339)</u>	<u>\$ 19,744</u>

(XXI) Finance cost

	2025	2024
Interest on loans	\$ 2,623	\$ 3,013
Interest on lease liabilities	237	149
	<u>\$ 2,860</u>	<u>\$ 3,162</u>

(XXII) Additional disclosures related to expenses

	2025		2024
Employee benefit expenses	\$ 291,220	\$	281,187
Property, plant and equipment depreciation expenses	65,640		57,640
Right-of-use assets depreciation expenses	3,062		1,732
Amortization	2,930		2,806

(XXIII) Employee benefit expenses

	2025		2024
Wages and salaries	\$ 237,139	\$	228,330
Employee Stock Options	927		-
Labor and health insurance fees	17,692		17,852
Pension costs	8,193		8,831
Directors' Remuneration	5,525		5,100
Other personnel expenses	21,744		21,074
	<u>\$ 291,220</u>	<u>\$</u>	<u>281,187</u>

1. In accordance with the Company's Articles of Incorporation, after deducting accumulated losses based on the profitability of the current year, if there is still a surplus, the Company shall allocate not less than 1% for employee remuneration (50% to 70% of this amount should be allocated to grassroots employees) and no more than 5% for directors' remuneration.
2. The estimated amount of employee remuneration for 2025 and 2024 amounted to \$1,367 and \$1,961, respectively, and the estimated amount of directors' and supervisors' remuneration were \$0. The aforementioned amounts were recognized in operating expenses.
3. For 2025, the remuneration was estimated at 1% and 0%, respectively, of the annual profits. The actual distributed amount resolved by the Board of Directors is \$1,367 and \$0, respectively, to be paid in cash.

The amounts of employee remuneration and directors' remuneration for 2024, as resolved by the Board of Directors, were in line with amounts recognized in the 2024 financial report.

For information on the employee remuneration and directors' remuneration as approved by the Company's Board of Directors, please proceed to the Market Observation Post System for reference.

(XXIV) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>2025</u>	<u>2024</u>
Current income tax expense		
Current tax expense recognized in the current period	\$ 31,285	\$ 32,003
Additional unappropriated retained earnings	2,211	3
Amount of income tax underestimated (overestimated) for prior years	<u>839</u>	<u>(712)</u>
Total current tax	<u>34,335</u>	<u>31,294</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>(9,306)</u>	<u>332</u>
Income tax expense	<u>\$ 25,029</u>	<u>\$ 31,626</u>

(2) The income tax expenses relating to components of other comprehensive income are as follows:

	<u>2025</u>	<u>2024</u>
Remeasurements of defined benefit obligation	<u>\$ 175</u>	<u>\$ 1,050</u>

2. The relationship between income tax expense and accounting profit.

	<u>2025</u>	<u>2024</u>
Income tax calculated based on profit before tax at the statutory rate	\$ 29,165	\$ 47,743
Benefits to be excluded according to tax laws	(2,404)	(8,191)
Income exempt from taxation under the tax law	(178)	(111)
Income tax effect of investment tax credits	-	(5,355)
Changes in the assessment of deferred tax asset realizability	(4,604)	(1,751)
Amount of income tax overestimated and underestimated for prior years	839	(712)
Additional unappropriated retained earnings	2,211	3
Income tax expense	<u>\$ 25,029</u>	<u>\$ 31,626</u>

3. The amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

	<u>2025</u>				
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Exchange difference</u>	<u>December 31</u>
Deferred income tax assets:					
Temporary differences:					
Loss on inventory valuation	\$ 10,450	\$ 6,192	\$ -	\$ 148	\$ 16,790
Remeasurements of defined	1,596	3,041	(175)	134	4,596

		2025				
		January 1	Recognized in profit or loss	Recognized in other comprehensiv e income	Exchange difference	December 31
benefit plans						
Unused vacation bonus		1,996	45	-	15	2,056
Others		5,021	(614)	-	-	4,407
		<u>\$ 19,063</u>	<u>\$ 8,664</u>	<u>(\$ 175)</u>	<u>\$ 297</u>	<u>\$ 27,849</u>
Deferred income tax liabilities:						
Temporary differences:						
Unrealized foreign exchange gains		1,655	(642)	-	-	1,013
Overseas investment income		8,226	-	-	-	8,226
		<u>9,881</u>	<u>(642)</u>	<u>-</u>	<u>-</u>	<u>9,239</u>
		<u>\$ 9,182</u>	<u>(\$ 9,306)</u>	<u>(\$ 175)</u>	<u>\$ 297</u>	<u>\$ 18,610</u>
		2024				
		January 1	Recognized in profit or loss	Recognized in other comprehensiv e income	Exchange difference	December 31
Deferred income tax assets:						
Temporary differences:						
Loss on inventory valuation		\$ 8,735	\$ 1,525	\$ -	\$ 190	\$ 10,450
Remeasurements of defined benefit plans		2,210	266	(1,050)	170	1,596
Unused vacation bonus		1,952	24	-	20	1,996
Others		5,511	(492)	-	2	5,021
		<u>\$ 18,408</u>	<u>\$ 1,323</u>	<u>(\$ 1,050)</u>	<u>\$ 382</u>	<u>\$ 19,063</u>
Deferred income tax liabilities:						
Temporary differences:						
Unrealized foreign exchange gains		-	1,655	-	-	1,655
Overseas investment income		8,226	-	-	-	8,226
		<u>8,226</u>	<u>1,655</u>	<u>-</u>	<u>-</u>	<u>9,881</u>
		<u>\$ 10,182</u>	<u>(\$ 332)</u>	<u>(\$ 1,050)</u>	<u>\$ 382</u>	<u>\$ 9,182</u>

4. Deductible temporary differences that are not recognized as deferred income tax assets

	December 31, 2025	December 31, 2024
Deductible temporary differences	<u>\$ 39,326</u>	<u>\$ 62,344</u>

5. The Company's income tax returns through 2023 have been assessed and approved by the tax authorities.

(XXV) Earnings per share(losses)

	2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent	\$ 112,342	64,987	\$ 1.73
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent	\$ 112,342	64,987	
Potential effect of dilutive ordinary shares			
Employee share options	-	2	
Employees' remuneration	-	43	
Net profit attributable to ordinary shareholders of the parent plus Effect of all potential ordinary shares	\$ 112,342	65,032	\$ 1.73
2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent	\$ 166,001	60,000	\$ 2.77
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent	\$ 166,001	60,000	
Potential effect of dilutive ordinary shares			
Employees' remuneration	-	50	
Net profit attributable to ordinary shareholders of the parent plus Effect of all potential ordinary shares	\$ 166,001	60,050	\$ 2.76

(XXVI) Supplemental cash flow information

Investing activities with partial cash payments:

	2025		2024	
Purchase of property, plant and equipment	\$	49,910	\$	58,260
Add: Ending balance of prepaid equipment		-		882
Add: Opening balance of payables on equipment		-		353
Less: Opening balance of prepaid equipment	(	882)	(	1,169)
Less: Ending balance of payables on equipment	(	77)		-
Cash paid during the period	\$	48,951	\$	58,326

(XXVII) Changes in liabilities from financing activities

	2025				
	Short-term loans	Dividends payable	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
January 1	\$ 143,000	\$ -	\$ 8,461	\$ 350	\$ 151,811
Cash flow	47,000	(132,000)	(2,982)	160	(87,822)
Interest expense of lease liabilities Paid (note)	-	-	(237)	-	(237)
Non-cash flow Changes in leases	-	132,000	1,364	-	133,364
December 31	<u>\$ 190,000</u>	<u>-</u>	<u>\$ 6,606</u>	<u>\$ 510</u>	<u>\$ 197,116</u>
	2024				
	Short-term loans	Dividends payable	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
January 1	\$ 179,000	\$ -	\$ 3,048	\$ 510	\$ 182,558
Cash flow	(36,000)	(99,120)	(1,686)	(160)	(136,966)
Interest expense of lease liabilities Paid (note)	-	-	(149)	-	(149)
Non-cash flow Changes in leases	-	99,120	7,248	-	106,368
December 31	<u>\$ 143,000</u>	<u>-</u>	<u>\$ 8,461</u>	<u>\$ 350</u>	<u>\$ 151,811</u>

Note: Presented as cash flows from operating activities.

VII. Related Party Transactions

(I) Names and relationship of related parties

Names of related parties	Relationship with the Group
Shao, Zhong-Ping	Director of the Company

(II) Transactions with related parties

1. Operating expenses

Professional service expenses

	2025	2024
Shao, Zhong-Ping	\$ 430	\$ 494

The transaction prices and credit terms for professional service expenses are not significantly different from unrelated parties.

2. Other payables

	December 31, 2025	December 31, 2024
Shao, Zhong-Ping	\$ 31	\$ 38

Other payables to related parties are mainly operating expenses that are not related to purchases.

(III) Information about remunerations to the major management:

	2025	2024
Salary and short-term employee benefits	\$ 15,434	\$ 14,798
Retirement benefits	315	312
Share-based Payment	182	-
	\$ 15,931	\$ 15,110

VIII. Pledged Assets

The details of assets provided as collateral by the Group are as follows:

Assets	Book value		Purpose of collateral
	December 31, 2025	December 31, 2024	
Time deposits (presented as “financial assets at amortized cost”)	\$ 8,864	\$ 5,581	Margin deposits for derivative financial instruments, electric power consumption guarantee, and credit card guarantee
Land	301,809	301,809	Short-term loans
Buildings and structures	75,457	80,021	"
	\$ 386,130	\$ 387,411	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

Contracted but not yet incurred capital expenditures

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, Plant and Equipment	\$ 3,255	\$ 14,646

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

The Company's proposals for the distribution of cash from capital surplus and the appropriation of earnings for the year 2025, as approved by the Board of Directors on March 11, 2026, are detailed in Notes VI (XV) and VI (XVI).

XII. Others

(I) Capital management

The objective of the Group's capital management is to ensure that the company continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital and provide returns to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

(II) Financial instruments

1. Classification of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily at fair value through profit or loss	\$ 30,934	\$ -
Financial assets at fair value through other comprehensive income		
Debt instruments measured at fair value through other comprehensive income	\$ 45,885	\$ -
Financial assets at amortized cost		
Cash and cash equivalents	\$ 451,012	\$ 374,278
Financial assets at amortized cost	86,764	44,556
Notes receivable	2,351	2,222
Accounts receivable	271,908	245,742
Other receivables	7,553	7,072
Refundable deposits (recognized in "other non-current assets")	3,610	4,272
	<u>\$ 823,198</u>	<u>\$ 678,142</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term loans	\$ 190,000	\$ 143,000
Accounts payable	82,036	93,810
Other payable	59,384	59,687
Refundable deposits (recognized in "other non-current liabilities")	510	350
	<u>\$ 331,930</u>	<u>\$ 296,847</u>
Lease liabilities	<u>\$ 6,606</u>	<u>\$ 8,461</u>

2. Risk management policies

- (1)The daily operations of the Group are affected by various kinds of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk.
- (2)Risk management is executed by the Group treasury by following policies approved by the Board. Through collaboration with operating units within the Group, the Group treasury is responsible for identifying, evaluating and mitigating financial risks.

3. Significant financial risks and degrees of financial risks

(1)Market risk

Foreign exchange risk

- A. As the Group is a multinational company, the Group and the subsidiaries are exposed to exchange rate risks arising from transactions denominated in currencies other than their functional currency, primarily USD. The related exchange rate risks arise from future business transactions and recognized assets and liabilities.
- B. The Group's management has set up policies requiring companies within the Group to manage the exchange rate risks of their functional currencies. The Group hedges the overall exchange rate risk through the Group treasury. The measurement of exchange rate risk is based on the highly probable expected transactions paid in USD, and forward foreign exchange contracts and option contracts are adopted to mitigate the impact of exchange rate fluctuations on the anticipated purchase cost of inventories.
- C. The Group uses forward foreign exchange contracts and option contracts to hedge its exposure to foreign exchange risk; however, hedge accounting is not applied.
- D. The Group's businesses involve several nonfunctional currencies (the functional currency of the Company is NTD, and the functional currency of the subsidiaries is THB), therefore, it is subject to the impact of exchange rate fluctuations. Information on foreign currency assets and liabilities significantly affected by exchange rate fluctuations is as follows:

		December 31, 2025		
		Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD: NTD	\$	15,824	31.43	\$ 497,338
USD: THB		6,104	31.38	191,904
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	\$	2,816	31.43	\$ 88,510
USD: THB		423	31.74	13,458
		December 31, 2024		
		Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD: NTD	\$	9,660	32.79	\$ 316,711
USD: THB		4,856	33.80	157,973

	December 31, 2024		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,184	32.79	\$ 104,377
USD: THB	851	34.15	27,962

E. Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for 2025 and 2024, amounted to (\$11,349) and \$19,156, respectively.

F. The analysis of foreign currency market risk that is materially affected by exchange rate fluctuations for the Group is as follows:

	2025		
	Sensitivity analysis		
	Extent of variation	Effect on profit and loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 4,973	\$ -
USD: THB	1%	1,919	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 885	\$ -
USD: THB	1%	135	-

	2024		
	Sensitivity analysis		
	Extent of variation	Effect on profit and loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 3,167	\$ -
USD: THB	1%	1,580	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 1,044	\$ -
USD: THB	1%	280	-

Cash flow and fair value interest rate risk

A. The Group's investments in foreign bonds are fixed-rate debt instruments. These bonds are held for trading purposes and for the collection of contractual cash flows, and their cash flows are exposed to fluctuations in market interest rates.

B. The Group's interest rate risk mainly arises from short-term loans calculated at floating interest rates, exposing the Group to cash flow interest rate risk. From January 1 to December 31, 2025 and 2024, the Group's loans are denominated in NTD.

- C. If the loan interest rate denominated in NTD increases or decreases by 1%, while all other factors remain constant, the profit after income tax from January 1 to December 31, 2025 and 2024 will decrease or increase by \$1,520 and \$904, respectively. This is mainly due to the changes in interest expenses resulting from loans at floating-rates.

(2)Credit risk

- A. The Group's credit risk refers to the risk of financial loss arising from a customer or counterparty to a financial instrument failing to discharge its contractual obligations. Such risk primarily arises from counterparties' inability to settle notes receivable and trade receivables in accordance with the agreed payment terms, as well as from the failure to collect the contractual cash flows of debt instruments measured at fair value through other comprehensive income.
- B. Credit risk management is initiated from the Group's perspective. According to the Group's credit policy, each entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings. The utilization of credit limits is regularly monitored.
- C. The Group adopts IFRS 9, assuming that a default been occurred when contractual payments are past due over 90 days based on the terms.
- D. The Group adopts IFRS 9 to provide the following assumptions as the basis for determining whether there has been a significant increase in credit risk of financial instruments since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- E. The indicators used by the Group to determine credit impairment of debt instrument investments are as follows:
(A) It becomes probable when the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
(B) The issuer's financial difficulties have resulted in the disappearance of the active market for the financial assets.
(C) Default or delinquency in interest or principal repayments;
(D) Adverse changes in national or regional economic conditions that are expected to cause a default.
- F. The Group classifies accounts receivable based on the characteristics of customers and estimates the ECLs using simplified approach and the provision matrix as basis.
- G. All notes receivable of the Group are not past due. The Group adjusts the credit loss that is based on historical and recent information by taking into account the forecasts of the Taiwan Institute of Economic Research's economic forecast report to estimate the loss allowance for accounts receivable. The provision matrices for December 31, 2025and 2024 are as follows:

	December 31, 2025		
	Expected loss rate	Total book value	Allowance for doubtful accounts
Not past due	0.50%~2.92%	\$ 262,183	\$ 583
Within 30 days	0.21%~12.60%	7,122	250
31~90 days	12.90%~78.45%	4,324	888
Over 91 days	100%	7,287	7,287
		<u>\$ 280,916</u>	<u>\$ 9,008</u>
	December 31, 2024		
	Expected loss rate	Total book value	Allowance for doubtful accounts
Not past due	0.20%~0.87%	\$ 231,944	\$ 1,402
Within 30 days	1.72%~9.10%	13,746	1,179
31~90 days	12.70%~74.10%	3,941	1,308
Over 91 days	100%	2,980	2,980
		<u>\$ 252,611</u>	<u>\$ 6,869</u>

H. Movements of loss allowance for notes receivable and accounts receivable, adopting the simplified approach by the Group, are as follows:

	2025	2024
	Accounts receivable	Accounts receivable
January 1	\$ 6,869	\$ 8,800
Recognize impairment losses	2,135	1,577
Amounts written off due to collectability	-	(3,514)
Effect of exchange rate changes	4	6
December 31	<u>\$ 9,008</u>	<u>\$ 6,869</u>

(3)Liquidity risk

- A. Cash flow forecast is performed by each operating entity of the Group and aggregated by the Group treasury. The Group treasury monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient funds to meet operational needs and maintains adequate unused committed facilities at all times.
- B. When the residual funds of each operating entity exceed the need for working capital management they will be transferred back to the Group treasury. The Group treasury shall invest the residual funds in interest-bearing demand and time deposits. The instruments selected have appropriate maturity dates or sufficient liquidity to respond to the above forecast and provide adequate liquidity buffers. The Group held positions in the money market of \$498,511, and \$413,253, respectively, in December 31, 2025 and 2024, with the expectation of managing liquidity risks by generating instant cash flows.

C. Details of unused loan limit of the Group are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rates		
Maturing within one year	\$ 630,000	\$ 577,000

D. The table below analyzes the Group's non-derivative financial liabilities categorized into relevant maturity groups, i.e. based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the undiscounted contractual cash flows.

December 31, 2025	Between 3				
	Less than 3 months	months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Short-term loans	\$ 538	\$ 190,437	-\$	-\$	-
Accounts payable	82,036	-	-	-	-
Other payables	59,384	-	-	-	-
Lease liabilities	768	2,303	2,418	1,506	-
December 31, 2024	Between 3				
	Less than 3 months	months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Short-term loans	\$ 63,611	\$ 80,266	-\$	-\$	-
Accounts payable	93,810	-	-	-	-
Other payables	59,687	-	-	-	-
Lease liabilities	804	2,335	2,685	2,886	337

E. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount would be significantly different.

(III) Fair value information

1. The different levels of inputs used in the valuation techniques for measuring the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active when transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs, either directly or indirectly, for the assets or liabilities, other than quoted prices included in Level 1. The fair values of the Group's investments in corporate bonds and most derivative instruments fall within this category. The fair values of the corporate bonds invested in by the Group and most of its derivative instruments fall into this category.

Level 3: Unobservable inputs for assets or liabilities. This includes the Group's investments in beneficiary certificates in inactive markets.

2. Financial instruments not measured at fair value

The carrying amount of cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables, refundable deposits, short-term loans, accounts payable, other payables and refundable deposits are approximate to their fair values.

3. For financial and non-financial instruments measured at fair value, the Group classifies such assets and liabilities based on their nature, characteristics, and risks, as well as the fair value hierarchy. The related information is as follows:

(1) The Group classifies assets and liabilities based on their nature. The related information is as follows:

(There were no such transactions as of December 31, 2024)

December 31, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ -	\$ -	\$ 30,934	\$ 30,934
Financial assets at fair value through other comprehensive income				
Debt instruments	-	45,885	-	45,885
Total	<u>\$ -</u>	<u>\$ 45,885</u>	<u>\$ 30,934</u>	<u>\$ 76,819</u>

(2) The methods and assumptions used by the Group in measuring fair value are described below:

- A. The fair value of financial instruments is determined using valuation techniques or by reference to quotations provided by counterparties. Fair values obtained through valuation techniques may be determined by reference to the current fair value of other financial instruments that are substantially similar in terms of conditions and characteristics, discounted cash flow analyses, or other valuation techniques, including model-based calculations using market data available as of the consolidated balance sheet date.
- B. In valuing non-standardized financial instruments with lower complexity, such as debt instruments without an active market, interest rate swap contracts, currency swap contracts, and options, the Group applies valuation techniques that are widely used by market participants. The parameters used in the valuation models for such financial instruments are generally observable market inputs.
- C. Derivative financial instruments are valued based on valuation models that are widely accepted by market participants, such as discounted cash flow models and option pricing models. Forward foreign exchange contracts and option contracts are generally valued based on prevailing forward exchange rates.
- D. The outputs of valuation models represent estimated amounts, and valuation techniques may not capture all relevant factors relating to the financial and non-financial instruments held by the Group. Accordingly, valuation estimates are adjusted as appropriate using additional parameters, such as model risk or liquidity risk. Based on the Group's fair value measurement governance policies and related control procedures, management believes that such

valuation adjustments are appropriate and necessary to fairly present the fair values of financial and non-financial instruments in the consolidated balance sheets. The pricing information and parameters used in the valuation process are carefully assessed and appropriately adjusted to reflect current market conditions.

- E. The Group incorporates credit risk valuation adjustments into the fair value measurement of financial and non-financial instruments to reflect, respectively, the credit risk of counterparties and the Group's own credit standing.
4. For 2025 and 2024, there were no movements between Level 1 and Level 2.
5. Changes in Level 3 beneficiary certificates for 2025 and 2024:

	2025	2024
January 1	\$ -	\$ -
Acquired during the period	31,430	-
Valuation adjustment	(496)	-
December 31	<u>\$ 30,934</u>	<u>\$ -</u>

6. For the years ended December 31, 2025 and 2024, there were no transfers into or out of Level 3.
7. The Group's valuation process for financial instruments classified as Level 3 is conducted by the Finance Department, which performs independent fair value verification. Independent source data are used to ensure that valuation results reflect market conditions, that the sources are independent, reliable, and consistent with other resources, and that they represent executable prices. The required inputs, data, and any other necessary fair value adjustments are regularly updated to ensure that the valuation results are reasonable.
8. Quantitative information on significant unobservable inputs used in the valuation models for Level 3 fair value measurements, as well as sensitivity analyses of significant changes in those unobservable inputs, are described below:

(There were no such transactions as of December 31, 2024)

	December 31, 2025	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average)	Relationship of Inputs to Fair Value
Beneficiary certificates	\$ 30,934	Net Asset Value Method	None	-	None

XIII. Supplementary Disclosures

(I) Significant transactions information

- Loans to others: None.
- Provision of endorsements and guarantees to others: None.
- Marketable securities held at the end of the period (excluding subsidiaries, associates and joint ventures): Table 1.
- Purchases or sales of goods from or to related parties of NT\$100 million or 20% of paid-in capital or more: Table 2.
- Receivables from related parties of NT\$100 million or 20% of paid-in capital or more: None.
- Business relationships and significant transactions between the parent and subsidiaries: Table 3.

(II) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China): Please refer to Table 4.

(III) Information on investments in Mainland China

None.

XIV. Segment Information

(I) General information

The Group operates business only in a single industry, and the Group's Board of Directors evaluates performance and allocates resources to the Group as a whole. They have identified the Group as the reportable segment.

(II) Measurement of segment information

The Board of Directors of the Group evaluates the performance of the segments based on profits and losses before tax.

(III) Information on segment profit and loss, assets, and liabilities

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	2025	2024
Segment revenue		
External revenue	\$ 1,092,317	\$ 1,085,128
Profit before tax	\$ 137,371	\$ 197,627
	December 31, 2025	December 31, 2024
Segment assets	\$ 2,240,725	\$ 2,028,847
Segment liabilities	\$ 404,907	\$ 361,238

(IV) Information on the reconciliation of the segment profit and loss

Sales transactions between segments are conducted in accordance with the fair value principle. The external revenue reported to chief operating decision maker is measured using the same method as the revenue in the income statement.

(V) Product category and service category information

The Group's product category information for 2025 and 2024 is as follows:

	2025	2024
Types of fans - Traditional	\$ 746,513	\$ 756,534
Types of fans - Electronic	226,785	213,750
Others	119,019	114,844
Total	\$ 1,092,317	\$ 1,085,128

(VI) Region category information

The Group's region category information for 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
	<u>Revenue (Note)</u>	<u>Revenue (Note)</u>
USA	\$ 875,326	\$ 840,654
Taiwan	85,125	103,986
Others	131,866	140,488
Total	<u>\$ 1,092,317</u>	<u>\$ 1,085,128</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Non-current assets</u>	<u>Non-current assets</u>
Taiwan	\$ 596,270	\$ 593,004
Thailand	344,393	357,464
Total	<u>\$ 940,663</u>	<u>\$ 950,468</u>

Note: Revenue is classified based on the country in which the customer is located.

(VII) Notes to the Consolidated Financial Statements Important customers information

The Group's important customers information for 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
	<u>Revenue</u>	<u>Revenue</u>
Party A	\$ 431,736	\$ 441,934
Party B	366,612	312,376

King Shing Industrial Co., Ltd. and subsidiaries
Holding of significant marketable securities (not including subsidiaries, associates and joint ventures)
December 31, 2025

Table 1

Unit: Expressed in thousands of New Taiwan Dollars

Securities held by	Marketable Securities	Relationship with the securities issuer	General ledger account	Shares held as at end of period				Note
				Number of shares	Book value	Ownership (%)	Fair Value	
King Shing Industrial Co., Ltd.	Beneficiary Certificates: CDIB Private Equity Partners	None	Financial assets at fair value through profit or loss – non-current	-	\$ 30,934	-	\$ 30,934	-
"	Corporate Bonds: The Walt Disney Co. USD corporate bonds	"	Financial assets at fair value through other comprehensive income – non-current	-	15,593	-	15,593	-
"	Macquarie Bank USD corporate bonds	"		-	15,106	-	15,106	-
"	Citigroup Inc. USD corporate bonds	"		-	15,186	-	15,186	-
"	Unsecured Cumulative Subordinated Bonds – Nan Shan Life	"	Financial Assets at Amortized Cost – Non-current	-	15,193	-	-	-
"	Unsecured Cumulative Subordinated Bonds – Global Life	"	"	-	15,208	-	-	-

King Shing Industrial Co., Ltd. and subsidiaries

Purchases or sales of goods from or to related parties of NT\$100 million or 20% of paid-in capital or more

January 1 to December 31, 2025

Table 2

Unit: Expressed in thousands of New Taiwan Dollars

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship	Transaction				Differences in transaction terms and reasons		Notes/Accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
King Shing Industrial Co., Ltd.	KING SHING AUTOMOBILE PARTS CO.,LTD.	Subsidiary of the Company	Purchases	528,420	78%	60 days after arrival at port	\$ -	-	(\$85,988)	(66%)	

King Shing Industrial Co., Ltd. and subsidiaries
 Significant inter-company transactions during the reporting period
 January 1 to December 31, 2025

Table 3

Unit: Expressed in thousands of New Taiwan Dollars

Trader name	Counterparty	Relationship with the trader	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets
				Amount	Transaction terms	
King Shing Industrial Co., Ltd.	KING SHING AUTOMOBILE PARTS CO., LTD.	The parent company to the consolidated subsidiary	Purchases	528,420	According to the agreed price and conditions by both parties	48%
King Shing Industrial Co., Ltd.	KING SHING AUTOMOBILE PARTS CO., LTD.	The parent company to the consolidated subsidiary	Accounts payable	86,988	60 days after arrival at port	4%

King Shing Industrial Co., Ltd. and subsidiaries

Names, locations and other information of investee companies (excluding investees in Mainland China)

January 1 to December 31, 2025

Table 4

Unit: Expressed in thousands of New Taiwan Dollars

Name of investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at end of period			Net profit (loss) of the investee for the current period	Investment income (loss) recognized by the Company for the current period	Note
				End of the period	End of last year	Number of shares	Ownership (%)	Book value			
King Shing Industrial Co., Ltd.	KING SHING AUTOMOBILE PARTS CO., LTD.	Thailand	Manufacturing automotive components	\$ 456,718	\$ 456,718	439,998	100%	\$ 658,775	\$ 8,455	\$ 8,756	Subsidiaries