ChenFull Precision Co., Ltd.

Financial Statements for the Six Months Ended June 30, 2026 and 2025 and Independent Auditors' Review Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders

ChenFull Precision Co., Ltd.

Introduction

We have reviewed the balance sheets of Chenfull Precision Co., Ltd. (collectively, the "Company") as of June 30, 2026 and 2025, the related statements of comprehensive income, the statements of changes in equity and cash flows for the three months ended June 30, 2026 and 2025 and for the six months then ended, and the related notes to the financial statements, including material accounting policy information. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of June 30, 2026 and 2025, its financial performance and its cash flows for the six months ended June 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Tseng, Chien-Ming and Liu, Shu-Lin.

Deloitte & Touche

Taipei, Taiwan

The Republic of China

August 14, 2026

ChenFull Precision Co., Ltd.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Code	Assets	June 30, 2026 Amount	%	December 31, 2025 Amount	%	June 30, 2025 Amount	%
	Current Assets						
1100	Cash and Cash Equivalents (Notes 6 and 25)	$ 209,402	6	$ 237,805	8	$ 153,345	6
1150	Notes Receivable (Notes 7, 18 and 25)	1,748	-	74	-	6,040	-
1172	Accounts Receivable (Notes 7, 18 and 25)	556,741	15	415,933	14	342,441	13
1200	Other Receivables (Notes 7 and 25)	6,084	-	9,274	-	5,788	-
130X	Inventories (Note 8)	460,301	13	389,025	13	481,374	18
1410	Prepayments (Note 12)	20,792	1	7,690	-	12,763	1
1476	Other Financial Assets – Current (Notes 12, 25 and 27)	8,964	-	8,943	-	8,943	-
1470	Other Current Assets (Note 12)	4,028	-	4,025	-	4,025	-
11XX	**Total Current Assets**	1,268,060	35	1,072,769	35	1,014,719	37
	Non-Current Assets						
1600	Property, Plant and Equipment (Notes 9 and 28)	2,135,911	60	1,849,429	60	1,558,256	57
1755	Right-of-Use Assets (Note 10)	97,113	3	100,461	3	103,810	4
1780	Intangible Assets (Note 11)	8,623	-	10,732	-	12,222	1
1840	Deferred Tax Assets (Note 4)	6,139	-	4,723	-	9,499	-
1980	Other Financial Assets – Non-Current (Notes 12, 25 and 27)	34,543	1	34,543	1	34,543	1
1990	Other Non-Current Assets (Notes 12 and 28)	40,165	1	15,090	1	11,051	-
15XX	Total Non-Current Assets	2,322,494	65	2,014,978	65	1,729,381	63
1XXX	Total Assets	$ 3,590,554	100	$ 3,087,747	100	$ 2,744,100	100
Code	Liabilities and Equity						
	Current Liabilities						
2100	Short-term Borrowings (Notes 13 and 25)	$ 220,000	6	$ 330,000	11	$ 20,000	1
2130	Contract Liabilities – Current (Note 18)	11,801	1	14,164	-	19,901	-
2150	Notes Payable (Notes 14 and 25)	-	-	240	-	-	-
2170	Accounts Payable (Notes 14 and 25)	264,182	8	173,404	6	158,639	6
2180	Accounts Payable to Related Parties (Notes 14, 25 and 26)	-	-	-	-	153	-
2219	Other Payables (Notes 15 and 25)	405,136	11	256,009	8	495,733	18
2220	Other Payables to Related Parties (Notes 15, 25 and 26)	1	-	615	-	-	-
2230	Income Tax Payable (Note 4)	43,572	1	17,192	1	27,483	1
2280	Lease Liabilities – Current (Notes 10 and 25)	5,922	-	5,830	-	5,739	-
2399	Other Current Liabilities (Note 15)	2,059	-	1,826	-	1,645	-
21XX	**Total Current Liabilities**	952,673	27	799,280	26	729,293	26
	Non-Current Liabilities						
2540	Long-term Borrowings (Notes 13 and 25)	624,710	17	241,808	8	103,782	4
2570	Deferred Tax Liabilities (Note 4)	1,087	-	511	-	362	-
2580	Lease Liabilities – Non-Current (Notes 10 and 25)	100,985	3	103,969	3	106,906	4
2640	Net Defined Benefit Liabilities – Non-Current (Note 4)	511	-	1,739	-	1,976	-
2670	Other Non-Current Liabilities – Others (Note 15)	17	-	41	-	65	-
25XX	**Total Non-Current Liabilities**	727,310	20	348,068	11	213,091	8
2XXX	**Total Liabilities**	1,679,983	47	1,147,348	37	942,384	34
	Equity (Note 17)						
	Share Capital						
3110	Ordinary Shares	591,690	16	591,690	19	591,690	22
3200	Capital Surplus	972,310	27	972,310	32	972,310	35
	Retained Earnings						
3310	Legal Reserve	141,442	4	118,056	4	118,056	4
3350	Unappropriated Earnings	205,129	6	258,343	8	119,660	5
3300	**Total Retained Earnings**	346,571	10	376,399	12	237,716	9
3XXX	**Total Equity**	1,910,571	53	1,940,399	63	1,801,716	66
	Total Liabilities and Equity	$ 3,590,554	100	$ 3,087,747	100	$ 2,744,100	100

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

CHENFULL PRECISION CO., LTD.

Statements of Comprehensive Income

(In thousands of New Taiwan dollars, except earnings per share)

Code		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2026		2025		2026		2025	
		Amounts	%	Amounts	%	Amounts	%	Amounts	%
4000	Operating Revenue (Note 18)	$ 566,974	100	$ 391,910	100	$ 1,171,369	100	$ 818,670	100
5000	Operating Costs (Notes 8, 16, 19 and 26)	409,657	73	288,863	74	855,781	73	564,460	69
5900	Gross Profit	157,317	27	103,047	26	315,588	27	254,210	31
	Operating Expenses (Note 16, 19 and 26)								
6100	Selling and Marketing Expenses	14,441	2	10,305	3	27,031	2	20,499	2
6200	General and Administrative Expenses	33,637	6	19,972	5	63,043	5	53,329	7
6300	Research and Development Expenses	8,902	2	12,205	3	19,054	2	22,536	3
6000	Total Operating Expenses	56,980	10	42,482	11	109,128	9	96,364	12
6900	Profit from Operations	100,337	17	60,565	15	206,460	18	157,846	19
	Non-operating Income and Expenses (Note 19 and 26)								
7100	Interest Income	1,669	-	1,420	-	2,678	-	2,606	-
7010	Other Income	976	-	776	-	1,573	-	1,126	-
7020	Other Gains and Losses	(2,411)	-	(48,035)	(12)	11,167	1	(42,789)	(5)
7050	Finance Costs	(1,276)	-	(887)	-	(2,411)	-	(2,075)	-
7000	Total Non-operating Income and Expenses	(1,042)	-	(46,726)	(12)	13,007	1	(41,132)	(5)
7900	Profit Before Income Tax	99,295	17	13,839	3	219,467	19	116,714	14
7950	Income Tax Expense (Notes 4 and 20)	(18,747)	(3)	(1,527)	-	(42,204)	(4)	(21,537)	(2)
8200	Net Income for the Period	80,548	14	12,312	3	177,263	15	95,177	12
8500	Total Comprehensive Income for the Period	$ 80,548	14	$ 12,312	3	$ 177,263	15	$ 95,177	12
	Earnings per Share (Note 22)								
	From Continuing Operations:								
9710	Basic	$ 1.36		$ 0.21		$ 2.99		$ 1.61	
9810	Diluted	$ 1.36		$ 0.21		$ 2.99		$ 1.60	

The accompanying notes are an integral part of these financial statements.

ChenFull Precision Co., Ltd.

STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

Code		Share Capital		Capital Surplus	Retained Earnings		Total Equity
		Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	
A1	Balance, January 1, 2025	59,169	$ 591,690	$ 972,310	$ 84,551	$ 353,833	$ 2,002,384
	Appropriation of 2024 earnings						
B1	Legal reserve	-	-	-	33,505	(33,505)	-
B5	Cash dividends distributed by the Company	-	-	-	-	(295,845)	(295,845)
D1	Net Profit for the six months ended June 30, 2025	-	-	-	-	95,177	95,177
D5	Total Comprehensive Income for the six months ended June 30, 2025	-	-	-	-	95,177	95,177
Z1	Balance, June 30, 2025	59,169	$ 591,690	$ 972,310	$ 118,056	$ 119,660	$ 1,801,716
A1	Balance, January 1, 2026	59,169	$ 591,690	$ 972,310	$ 118,056	$ 258,343	$ 1,940,399
	Appropriation of 2025 earnings						
B1	Legal reserve	-	-	-	23,386	(23,386)	-
B5	Cash dividends distributed by the Company	-	-	-	-	(207,091)	(207,091)
D1	Net Profit for the six months ended June 30, 2025	-	-	-	-	177,263	177,263
D5	Total Comprehensive Income for the six months ended June 30, 2026	-	-	-	-	177,263	177,263
Z1	Balance, June 30, 2026	59,169	$ 591,690	$ 972,310	$ 141,442	$ 205,129	$ 1,910,571

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

ChenFull Precision Co., Ltd.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		For the Six Months Ended June 30 2026	2025
	Cash Flows from Operating Activities		
A10000	Profit Before Income Tax	$ 219,467	$ 116,714
	Adjustments for:		
A20100	Depreciation Expense	52,773	54,330
A20200	Amortization Expense	2,512	3,078
A20900	Finance Costs	2,411	2,075
A21200	Interest Income	(2,678)	(2,606)
A22500	Gains on Disposal of Property, Plant and Equipment	(3,055)	-
A23700	Write-down of inventories	6,373	890
A29900	Realized gains on Deferred Revenue	(24)	(24)
A30000	Changes in Operating Assets and Liabilities		
A31130	Notes Receivable	(1,674)	(5,687)
A31150	Accounts Receivable	(140,808)	41,886
A31180	Other Receivables	3,036	1,980
A31200	Inventories	(77,649)	(74,026)
A31230	Prepayments	(13,102)	9,838
A31240	Other Current Assets	(3)	-
A32125	Contract Liabilities	(2,363)	(3,553)
A32130	Notes Payable	(240)	-
A32150	Accounts Payable	90,778	(16,323)
A32160	Accounts Payable – Related Parties	-	(15)
A32180	Other Payables	20,489	(3,117)
A32190	Other Payables – Related Parties	(614)	(17)
A32230	Other Current Liabilities	233	194
A32240	Net Defined Benefit Liabilities	(1,228)	(48)
A33000	Cash Generated from Operations	154,634	125,569
A33100	Interest Received	2,832	2,815
A33300	Interest Paid	(2,375)	(2,095)
A33500	Income Tax Paid	(16,664)	(42,484)
AAAA	Net Cash Generated from Operating Activities	138,427	83,805
	Cash Flows from Investing Activities		
B02700	Payments for Property, Plant and Equipment	($ 415,041)	($ 138,368)
B02800	Proceeds from Disposal of Property, Plant and Equipment	3,700	-

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Code		For the Six Months Ended June 30 2026	2025
B03700	Increase in Refundable Deposits	($ 119)	$ -
B03800	Decrease in Refundable Deposits	-	122
B04500	Payments for Intangible Assets	(403)	(2,341)
B06500	Increase in Other Financial Assets	(21)	(1)
B06700	Increase in Other Non-current Assets	(24,956)	(10,448)
BBBB	Net Cash Used in Investing Activities	(436,840)	(151,036)
	Cash Flows from Financing Activities		
C00100	Proceeds from Short-term Borrowings	780,000	-
C00200	Repayments of Short-term Borrowings	(890,000)	(80,000)
C01600	Proceeds from Long-term Borrowings	382,902	34,324
C04020	Repayment of Lease Liabilities Principal	(2,892)	(2,804)
CCCC	Net Cash Generated from/(Used in) Financing Activities	270,010	(48,480)
EEEE	Net Decrease in Cash and Cash Equivalents	(28,403)	(115,711)
E00100	Cash and Cash Equivalents, Beginning of the Period	237,805	269,056
E00200	Cash and Cash Equivalents, End of the Period	$ 209,402	$ 153,345

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

I、GENERAL INFORMATION:

ChenFull Precision Co., Ltd. (the "Company") was established on July 20, 2020, and, as of October 1, 2020 (the spin-off base date), succeeded the precision technology business division, including related operations (assets and liabilities), from CHENFULL International Co., Ltd.. The Company's business scope includes the manufacturing, processing, and trading of precision molds, as well as the processing, manufacturing, and trading of various aerospace materials.

The Company's shares have been listed and traded on the Taipei Exchange since March 2022.

This financial report is presented in the Company's functional currency, New Taiwan Dollars (NTD).

II、APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorized for issuance by the Board of Directors on August 14, 2026.

III、APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The application of the IFRS endorsed and issued by the FSC will not result in significant changes to the company’s accounting policies.

b. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 1)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027
Amendments to IAS 28 "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures"	January 1, 2027 (Note 2)

Note 1: IFRS 18 will take effect starting from January 1, 2028 for domestic entities. Earlier application is permitted.

Note 2: An entity shall apply the amendments when it applies IFRS 18.

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments Amendments to IAS 28 "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures"

IFRS 18 will supersede IAS 1" Presentation of Financial Statements". The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall

disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

At the date of initial application of IFRS 18, an entity that is a venture capital organization, mutual fund, unit trust or similar entity is permitted to change its election from measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss. The amendments to IAS 28 clarify that aforementioned "similar entity" includes the entity that performs the assessments in accordance with the requirements of IFRS 18 and concludes that it has a main business activity of investing in particular types of assets. If eligible, the Company may apply the transition upon initial application. In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in

the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

The Company has decided not to apply IFRS 18 and consequential amendments earlier.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the amendments on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
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 20 "Regulatory Assets and Regulatory Liabilities"	January 1, 2029

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV、Summary of Material Accounting Policy Information

A、Statement of Compliance

The interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim financial statements is less than the disclosure information required by IFRS Accounting Standards in a complete set of annual financial statements.

B、Basis of Preparation

Except for the net defined benefit liabilities recognized as the present

value of defined benefit obligations less the fair value of plan assets, this financial report is prepared on a historical cost basis.

C、Other Significant Accounting Policies

Except for the following, please refer to the financial statements for the year ended December 31, 2025.

1. Retirement benefits

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

2. Income Tax Expense

   Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

V、Material Accounting Judgements and Key Sources of Estimation Uncertainty

When developing material accounting estimates, the Company considers the potential impacts of inflation and fluctuations in market interest rates in its assessment of cash flow projections, growth rates, discount rates, profitability, and other related estimates. Management will continue to review the estimates and underlying assumptions. For further information, please refer to the section "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" in the Company's 2025 annual financial statements.

VI、Cash and Cash Equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on Hand and Working Funds	$ 135	$ 128	$ 50
Bank Checks and Demand Deposits	113,732	143,403	65,410
Time Deposits with Banks	95,535	94,274	87,885
	$ 209,402	$ 237,805	$ 153,345

The range of interest rates for bank deposits, time deposits, and bonds purchased under resale agreements as of the balance sheet date is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Bank Deposits	0.35%～0.675%	0.35%～0.645%	0.645%
Time Deposits	3.70%	3.70%	4.17%

VII、Notes Receivable, Accounts Receivable, and Other Receivables

	June 30, 2026	December 31, 2025	June 30, 2025
Notes Receivable			
Measured at Amortized Cost			
Total Carrying Amount	$ 1,748	$ 74	$ 6,040
Less: Allowance for Expected Credit Losses	-	-	-
	$ 1,748	$ 74	$ 6,040
Accounts Receivable – Non-Related Parties			
Measured at Amortized Cost			
Total Carrying Amount	$ 559,618	$ 418,810	$ 345,318
Less: Allowance for Expected Credit Losses	(2,877)	(2,877)	(2,877)
	$ 556,741	$ 415,933	$ 342,441
Other Receivables			
Business Tax Refund Receivable	$ 5,474	$ 8,237	$ 4,837
Accrued interest receivable	294	448	301
Others	316	589	650
	$ 6,084	$ 9,274	$ 5,788

(1) Notes Receivable

June 30, 2026

	Not Overdue	Overdue 1 to 90 Days	Total
Expected Credit Loss Rate	0%	-	
Total Carrying Amount	$ 1,748	$ -	$ 1,748
Allowance for Lifetime Expected Credit Losses	-	-	-
Amortized Cost	$ 1,748	$ -	$ 1,748

December 31, 2025

	Not Overdue	Overdue 1 to 90 Days	Total
Expected Credit Loss Rate	0%	-	
Total Carrying Amount	$ 74	$ -	$ 74
Allowance for Lifetime Expected Credit Losses	-	-	-
Amortized Cost	$ 74	$ -	$ 74

June 30, 2025

	Not Overdue	Overdue 1 to 90 Days	Total
Expected Credit Loss Rate	0%	-	
Total Carrying Amount	$ 6,040	$ -	$ 6,040
Allowance for Lifetime Expected Credit Losses	-	-	-
Amortized Cost	$ 6,040	$ -	$ 6,040

There were no changes in the allowance for notes receivable during the periods from January 1 to June 30 in both 2026 and 2025.

(2) Accounts Receivable

Accounts Receivable Measured at Amortized Cost

The Company's average credit period for sales of goods is 60 days from the end of the month following the invoice date. In assessing the recoverability of accounts receivable, the Company considers any changes in the credit quality of the receivables from the original credit date to the balance sheet date.

To mitigate credit risk, the Company's management assigns a dedicated team responsible for credit approval, credit limit assessment, and the implementation of monitoring procedures to ensure that appropriate actions are taken for overdue receivables. Additionally, as of the balance sheet date, each receivable is reviewed individually to determine its recoverability and ensure that adequate impairment losses are recognized for uncollectible amounts. Based on this process, management believes that the Company's credit risk has been significantly reduced.

The Company recognizes an allowance for accounts receivable based on lifetime expected credit losses. Lifetime expected credit

losses are calculated using a provision matrix that incorporates historical default experience, the current financial condition of customers, and macroeconomic conditions affecting the industry. Since the Company's historical credit loss experience shows no significant difference in loss patterns among different customer groups, the provision matrix does not differentiate by customer segment and instead applies expected credit loss rates based solely on the number of days past due.

When there is objective evidence that a counterparty is experiencing severe financial difficulties and the Company does not reasonably expect to recover the outstanding amount-such as in cases of liquidation or when payments are more than 365 days past due-the related accounts receivable are written off directly. Nevertheless, collection efforts continue, and any subsequent recoveries are recognized in profit or loss.

The allowance for expected credit losses on accounts receivable, as measured using the provision matrix, is as follows:

June 30, 2026

	Not Overdue	Overdue 1 to 90 Days	Overdue 91 to 180 Days	Total
Expected Credit Loss Rate	0.10%	5.00%	-	
Total Carrying Amount	$ 512,699	$ 46,919	$ -	$ 559,618
Allowance for Lifetime Expected Credit Losses	(531)	(2,346)	-	(2,877)
Amortized Cost	$ 512,168	$ 44,573	$ -	$ 556,741

December 31, 2025

	Not Overdue	Overdue 1 to 90 Days	Overdue 91 to 180 Days	Total
Expected Credit Loss Rate	0.68%	4.90%	-	
Total Carrying Amount	$ 418,462	$ 348	$ -	$ 418,810
Allowance for Lifetime Expected Credit Losses	(2,860)	(17)	-	(2,877)
Amortized Cost	$ 415,602	$ 331	$ -	$ 415,933

June 30, 2025

	Not Overdue	Overdue 1 to 90 Days	Overdue 91 to 180 Days	Total
Expected Credit Loss Rate	0.37%	5.00%	-	
Total Carrying Amount	$ 310,928	$ 34,390	$ -	$ 345,318
Allowance for Lifetime Expected Credit Losses	(1,157)	(1,720)	-	(2,877)
Amortized Cost	$ 309,771	$ 32,670	$ -	$ 342,441

There were no changes in the allowance for doubtful accounts for the periods from January 1 to June 30 in both 2026 and 2025.

VIII、Inventory

	June 30, 2026	December 31, 2025	June 30, 2025
Raw Materials	$ 46,539	$ 33,275	$ 41,501
Work in Process	331,260	274,868	338,937
Finished Goods	82,502	80,882	100,936
	$ 460,301	$ 389,025	$ 481,374

The nature of cost of goods sold is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Cost of Goods Sold	$ 416,727	$ 294,287	$ 869,032	$ 578,250
Inventory Valuation And Obsolescence Losses	3,015	3,048	6,373	890
Others	(10,085)	(8,472)	(19,624)	(14,680)
	$ 409,657	$ 288,863	$ 855,781	$ 564,460

IX、 Property, Plant, and Equipment

	Land	Buildings	Machinery Equipment	Other Equipment	Construction in Progress	Total
Cost						
Balance as of January 1, 2026	$ 581,528	$ 733,642	$ 1,016,519	$ 312,105	$ 588,220	$ 3,232,014
Additions	-	1,593	683	1,659	332,617	336,552
Disposals	-	(158)	(18,511)	(1,495)	-	(20,164)
Balance as of June 30, 2026	$ 581,528	$ 735,077	$ 998,691	$ 312,269	$ 920,837	$ 3,548,402
Accumulated Depreciation and Impairment						
Balance as of January 1, 2026	$ -	$ 275,553	$ 851,614	$ 255,418	$ -	$ 1,382,585
Disposals	-	(158)	(17,867)	(1,494)	-	(19,519)
Depreciation Expense	-	12,431	25,114	11,880	-	49,425
Balance as of June 30, 2026	$ -	$ 287,826	$ 858,861	$ 265,804	$ -	$ 1,412,491
Net Book Value as of June 30, 2026	$ 581,528	$ 447,251	$ 139,830	$ 46,465	$ 920,837	$ 2,135,911
Net Book Value as of December 31, 2025 and January 1, 2026	$ 581,528	$ 458,089	$ 164,905	$ 56,687	$ 588,220	$ 1,849,429
Cost						
Balance as of January 1, 2025	$ 581,528	$ 733,630	$ 1,007,329	$ 287,389	$ 102,959	$ 2,712,835
Additions	-	1,034	3,084	3,103	169,428	176,649
Disposals	-	-	(1,040)	(199)	-	(1,239)
Reclassifications	-	-	4,392	265	-	4,657
Balance as of June 30, 2025	$ 581,528	$ 734,664	$ 1,013,765	$ 290,558	$ 272,387	$ 2,892,902
Accumulated Depreciation and Impairment						
Balance as of January 1, 2025	$ -	$ 251,267	$ 795,841	$ 237,795	$ -	$ 1,284,903
Disposals	-	-	(1,040)	(199)	-	(1,239)
Depreciation Expense	-	12,556	28,271	10,155	-	50,982
Balance as of June 30, 2025	$ -	$ 263,823	$ 823,072	$ 247,751	$ -	$ 1,334,646
Net Book Value as of June 30, 2025	$ 581,528	$ 470,841	$ 190,693	$ 42,807	$ 272,387	$ 1,558,256

The Company acquired the land located at No. 0035-0008, Xin Zhuang Section, Puzi City, for the purpose of plant expansion and business operations. The ownership transfer was completed on March 26, 2024, and the cost of the owned land was recorded at NT$581,528 thousand. In addition, the Company has registered the ownership pre-registration for the land with the Chiayi County Government.

Depreciation expense is calculated on a straight-line basis over the following estimated useful lives:

Buildings	
- Main Plant Buildings	5 to 51
- Electrical Works	20 to 21
- Plumbing Equipment	10 to 11
- Air Conditioning Equipment	7 to 9
- Others	2 to 21
Machinery and Equipment	2 to 11
Other Equipment	2 to 11

No impairment losses were recognized or reversed during the periods from January 1 to June 30 in both 2026 and 2025.

X、Lease Agreement

(1) Right-of-Use Asset

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying Amount of Right-of-Use Assets			
Land	$ 97,113	$ 100,461	$ 103,810

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Depreciation Expense on Right-of-Use Assets				
Land	$ 1,674	$ 1,674	$ 3,348	$ 3,348

Apart from the depreciation expenses recognized as described above, the Company's right-of-use assets did not experience significant subleasing or impairment during the periods from January 1 to June 30 in both 2026 and 2025.

(2) Lease Liability

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying Amount of Lease Liabilities			
Current	$ 5,922	$ 5,830	$ 5,739
Non-current	$ 100,985	$ 103,969	$ 106,906

The discount rate range of lease liabilities is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Land	3.126%	3.126%	3.126%

(3) Significant Lease Activities and Terms

The Company leases land for use as a plant site. The lease term was originally from October 2020 to December 2028. The lease payments were adjusted and increased starting from January 2024 under a new lease agreement, with the lease term extended from January 2024 to December 2040. The land lease agreement in the Republic of China allows the lessor to adjust lease payments in accordance with applicable laws and regulations.

(4) Other Lease Information

	For the Three Months Ended June 30	
	2026	2025
Short-term Lease Expenses	$ 1,874	$ 1,898
Low-value Asset Lease Expenses	$ 164	$ 93
Total Cash Outflows from Leases	($ 4,333)	($ 4,286)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term Lease Expenses	$ 2,085	$ 1,897	$ 3,959	$ 3,795
Low-value Asset Lease Expenses	$ 163	$ 93	$ 327	$ 186
Total Cash Outflows from Leases			($ 8,875)	($ 8,571)

The Company has elected to apply the recognition exemptions for leases that qualify as short-term leases and leases of low-value assets, and accordingly, does not recognize right-of-use assets and lease liabilities for such leases.

XI、Intangible Assets

	Computer Software Costs
Cost	
Balance as of January 1, 2026	$ 29,004
Acquisitions	403
Balance as of June 30, 2026	$ 29,407
Accumulated Amortization	
Balance as of January 1, 2026	$ 18,272
Amortization Expense	2,512
Balance as of June 30, 2026	$ 20,784
Net Book Value as of June 30, 2026	$ 8,623
Net Book Value as of December 31, 2025 and January 1, 2026	$ 10,732

	Computer Software Costs
Cost	
Balance as of January 1, 2025	$ 25,204
Acquisitions	2,341
Balance as of June 30, 2025	$ 27,545
Accumulated Amortization	
Balance as of January 1, 2025	$ 12,245
Amortization Expense	3,078
Balance as of June 30, 2025	$ 15,323
Net Book Value as of June 30, 2025	$ 12,222

Except for the amortization expenses recognized, the Company did not have any significant disposals or impairments of intangible assets during the periods from January 1 to June 30 in 2026 and 2025.

Amortization expenses are calculated on a straight-line basis over the following useful lives:

Computer Software Costs	1-10year

Amortization Expenses Classified by Function:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Operating Costs	$ 182	$ 239	$ 365	$ 479
Administrative Expenses	1,062	1,313	2,147	2,599
	$ 1,244	$ 1,552	$ 2,512	$ 3,078

XII、Other Assets

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Prepayments			
Prepaid Purchases	$ 19,710	$ 6,062	$ 10,916
Others	1,082	1,628	1,847
	$ 20,792	$ 7,690	$ 12,763
Other Financial Assets – Current			
Pledged Time Deposits (Note 27)	$ 8,964	$ 8,943	$ 8,943
Other Current Assets			
Temporary Payments	$ 3	$ -	$ -
Payments Made on Behalf of Others	4,025	4,025	4,025
	$ 4,028	$ 4,025	$ 4,025
Non-current			
Other Non-current Assets			
Prepayments for Equipment	$ 39,181	$ 14,225	$ 10,448
Refundable Deposits	984	865	603
	$ 40,165	$ 15,090	$ 11,051
Other Financial Assets – Non-current(1)			
Pledged Time Deposits (Note 27)	$ 34,543	$ 34,543	$ 34,543

(1) As of June 30, 2026, December 31, 2025, and June 30, 2025, the interest rates ranges for pledged time deposits were as follows (per annum):0.665%～1.69%.

XIII、Borrowings

(1) Short-term Borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured Borrowings			
Bank Loans	$ 220,000	$ 330,000	$ 20,000

The interest rates on the bank revolving borrowings as of June 30, 2026 and December 31, 2025, were as follows 1.80%~1.82%、1.80% and 1.80%.

(2) Long-term Borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Secured Borrowings			
Bank Loans	$ 624,710	$ 241,808	$ 103,782
Less: Current Portion	-	-	-
Long-term Borrowings	$ 624,710	$ 241,808	$ 103,782

	Maturity Date	Significant Terms	Effective Interest Rate	June 30, 2026	December 31, 2025	June 30, 2025
Secured Loans						
Secured New Taiwan Dollar Bank Borrowings from Bank of Taiwan	2034.11.15	The loan has a grace period from Nov 28, 2024, to Dec 15, 2027, during which interest is paid monthly based on the loan principal. From Dec 15, 2027, the principal and interest will be repaid in 84 equal monthly installments. The loan maturity date is Nov 15, 2034.	1.35	$ 69,458	$ 69,458	$ 69,458
Secured New Taiwan Dollar Bank Borrowings from Bank of Taiwan	2034.11.15	The loan has a grace period from Apr 14, 2025, to Dec 15, 2027, during which interest is paid monthly based on the loan principal. From Dec 15, 2027, the principal and interest will be repaid in 84 equal monthly installments. The loan maturity date is Nov 15, 2034.	1.35	34,324	34,324	34,324
Secured New Taiwan Dollar Bank Borrowings from Bank of Taiwan	2034.11.15	The loan has a grace period from Jul 31, 2025, to Dec 15, 2027, during which interest is paid monthly based on the loan principal. From Dec 15, 2027, the principal and interest will be repaid in 84 equal monthly installments. The loan maturity date is Nov 15, 2034.	1.35	63,159	63,159	-
Secured New Taiwan Dollar Bank Borrowings from Bank of Taiwan	2034.11.15	The loan has a grace period from Aug 29, 2025, to Dec 15, 2027, during which interest is paid monthly based on the loan principal. From Dec 15, 2027, the principal and interest will be repaid in 84 equal monthly installments. The loan maturity date is Nov 15, 2034.	1.35	24,857	24,857	-
Secured New Taiwan Dollar Bank Borrowings from Bank of Taiwan	2034.11.15	The loan has a grace period from Nov 4, 2025, to Dec 15, 2027, during which interest is paid monthly based on the loan principal. From Dec 15, 2027, the principal and interest will be repaid in 84 equal monthly installments. The loan maturity date is Nov 15, 2034.	1.35	50,010	50,010	-
Secured New Taiwan Dollar Bank Borrowings from Bank of Taiwan	2034.11.15	The loan has a grace period from Jan 30, 2026, to Dec 15, 2027, during which interest is paid monthly based on the loan principal. From Dec 15, 2027, the principal and interest will be repaid in 84 equal monthly installments. The loan maturity date is Nov 15, 2034.	1.35	50,010	-	-
Secured New Taiwan Dollar Bank Borrowings from Bank of Taiwan	2034.11.15	The loan has a grace period from Feb 10, 2026, to Dec 15, 2027, during which interest is paid monthly based on the loan principal. From Dec 15, 2027, the principal and interest will be repaid in 84 equal monthly installments. The loan maturity date is Nov 15, 2034.	1.35	50,010	-	-
Secured New Taiwan Dollar Bank Borrowings from Bank of Taiwan	2034.11.15	The loan has a grace period from Mar 2, 2026, to Dec 15, 2027, during which interest is paid monthly based on the loan principal. From Dec 15, 2027, the principal and interest will be repaid in 84 equal monthly installments. The loan maturity date is Nov 15, 2034.	1.35	131,273	-	-
Secured New Taiwan Dollar Bank Borrowings from Bank of Taiwan	2034.11.15	The loan has a grace period from Apr 30, 2026, to Dec 15, 2027, during which interest is paid monthly based on the loan principal. From Dec 15, 2027, the principal and interest will be repaid in 84 equal monthly installments. The loan maturity date is Nov 15, 2034.	1.35	151,609	-	-
				624,710	241,808	103,782
Less: Current Portion				-	-	-
Long-term Loans Payable				$ 624,710	$ 241,808	$ 103,782

The above bank borrowings were used for the construction of the Chiayi plant. Pursuant to the loan agreement, upon completion of the plant construction and registration of ownership preservation by the Company, the provisional registration on the land where the Chiayi plant is located shall be cancelled, and the land together with the plant shall be jointly pledged as collateral by establishing a mortgage thereon.

XIV、Accounts Payable

	June 30, 2026	December 31, 2025	June 30, 2025
Notes Payable			
Non-Operating	$ -	$ 240	$ -
Accounts Payable			
Trade Payables – Non-related Parties	$ 264,182	$ 173,404	$ 158,639
Trade Payables – Related Parties	$ -	$ -	$ 153

The average credit period for the purchase of certain goods ranges from one to four months, during which no interest is charged on accounts payable. The Company has established financial risk management policies to ensure that all payables are settled within the agreed credit terms.

XV、Other Liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Other Payables			
Payables for Equipment	$ 26,855	$ 105,344	$ 42,193
Accrued Salaries and Bonuses	50,357	60,301	45,483
Accrued Employee Remuneration	28,347	16,471	36,158
Accrued Directors and Supervisors Remuneration	6,030	4,020	6,030
Accrued Vacation Pay	9,714	9,236	9,713
Dividends Payable	207,091	-	295,845
Interest Payable	447	411	61
Others	76,295	59,956	60,250
	$ 405,136	$ 256,009	$ 495,733
Other Payables – Related Parties (Note 26)	$ 1	$ 615	$ -

	June 30, 2026	December 31, 2025	June 30, 2025
Other Current Liabilities			
Collections on Behalf	$ 2,010	$ 1,777	$ 1,596
Deferred Income – Current (Note 21)	49	49	49
	$ 2,059	$ 1,826	$ 1,645
Non-current			
Deferred Income – Non-current			
Government Grants (Note 21)	$ 17	$ 41	$ 65

XVI、 Post-retirement Benefit Plans

The defined benefit pension expenses recognized for the periods from April 1 to June 30, 2026 and 2025, and from January 1 to June 30, 2026 and 2025 were calculated using the pension cost rates determined by actuarial valuations as of December 31, 2025 and 2024, respectively, amounting to NT$5 thousand、NT$8 thousand、NT$11 thousand and NT$15 thousand for each period.

XVII、Equity

(1) Capital Stock

Common Stock

	June 30, 2026	December 31, 2025	June 30, 2025
Authorized Shares (Thousands)	100,000	100,000	100,000
Authorized share Capital	$ 1,000,000	$ 1,000,000	$ 1,000,000
Shares issued and fully paid(in thousands)	59,169	59,169	59,169
Shares capital issued	$ 591,690	$ 591,690	$ 591,690

The holders of issued share capital with a par value of $10 are entitled to the right to vote and to receive dividends.

(2) Capital Surplus

	June 30, 2026	December 31, 2025	June 30, 2025
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)			
Additional paid-in capital	$ 972,310	$ 972,310	$ 972,310

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus).

(3) Retained Earnings and Dividend Policy

According to the Company's Articles of Incorporation regarding the earnings distribution policy, if the Company has profit at the end of the fiscal year, it shall pay taxes in accordance with the law, cover any losses from previous years, and allocate 10% to the legal surplus reserve. However, if the legal surplus reserve has accumulated to the total capital of the Company, no further allocation is required. The remaining profit, after providing for or reversing special surplus reserves or retaining part of the earnings as required by law, along with any accumulated undistributed earnings, will be used by the Board of Directors to propose a shareholder dividend distribution plan based on the Company's dividend policy, subject to approval by the shareholders' meeting, and distributed in proportion to the total number of shares. For the distribution policy of employee compensation and directors' remuneration, refer to Note 19 (7) Employee Compensation and Directors' Remuneration.

The Company's dividend policy aligns with the overall business environment and industry characteristics. Based on the Company's future financial structure and capital budget, and considering profitability, undistributed earnings, and capital reserves, an appropriate dividend distribution will be proposed, aiming for a payout of no less than 50% of the distributable earnings for the year, in order to ensure stable development and maximize shareholder value. The distribution of cash dividends will be no less than 10% of the total dividend for the year.

The legal surplus reserve must be allocated until its balance reaches the total paid-in capital of the Company. The legal surplus reserve may be used to cover losses. When there are no losses, the portion of the legal surplus reserve exceeding 25% of the paid-in capital may be used to increase capital or be distributed in cash.

The Company held its shareholders' meetings on May 28, 2026 and May 23, 2025, respectively, where the earnings distribution plans for 2025 and 2024 were approved as follows:

	Earnings Distribution Proposal	
	2025	2024
Legal Reserve	$ 23,386	$ 33,505
Cash Dividends	$ 207,091	$ 295,845
Cash Dividends Per Share	$ 3.5	$ 5.0

XVIII、Revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Revenue from Customer Contracts				
Sales of goods revenue	$ 566,974	$ 391,910	$ 1,171,369	$ 818,670

(1) Explanation of Customer Contracts

Sales of goods revenue

The products are transferred when the customer obtains control of the product. The Company recognizes revenue and Trade receivable when control is transferred.

(2) Contract Balance

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Notes Receivable (Note 7)	$ 1,748	$ 74	$ 6,040	$ 353
Trade receivable (Note 7)	$ 556,741	$ 415,933	$ 342,441	$ 384,327
Contract Liabilities – Current				
Sales of Goods	$ 11,801	$ 14,164	$ 19,901	$ 23,454

(3) Breakdown of Revenue from Customer Contracts

For the Three Months Ended June 30, 2026

	Taiwan	United States	Singapore	Others	Total
Aerospace Components	$ 99,977	$ 113,546	$ -	$ -	$ 213,523
Optoelectronic and Semiconductor Equipment Components	529,866	31,211	394,423	2,346	957,846
	$ 629,843	$ 144,757	$ 394,423	$ 2,346	$1,171,369

For the Three Months Ended June 30, 2025

	Taiwan	United States	Singapore	Others	Total
Aerospace Components	$ 79,180	$ 141,077	$ -	$ -	$ 220,257
Optoelectronic and Semiconductor Equipment Components	285,331	17,251	295,831	-	598,413
	$ 364,511	$ 158,328	$ 295,831	$ -	$ 818,670

XIX、 Net Income from Continuing Operations

(1) Interest Income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Bank Deposits	$ 1,343	$ 1,413	$ 2,299	$ 2,596
Bonds with Repurchase Agreements	320	-	364	-
Others	6	7	15	10
	$ 1,669	$ 1,420	$ 2,678	$ 2,606

(2) Other Income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Lease Income				
Operating Lease Rental Income－Others	$ 289	$ 276	$ 517	$ 494
Others	687	500	1,056	632
	$ 976	$ 776	$ 1,573	$ 1,126

(3) Other Gains and Losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Gain on Disposal of Property, Plant, and Equipment	$ -	$ -	$ 3,055	$ -
Net Foreign Exchange Gain	(2,411)	(48,035)	8,112	(42,789)
	($ 2,411)	($ 48,035)	$ 11,167	($ 42,789)

(4) Financial Costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Interest on Lease Liabilities	$ 3,190	$ 333	$ 5,771	$ 853
Interest on Bank Loans	843	887	1,697	1,786
Less: Amount Capitalized as Qualifying Asset Cost	(2,757)	(333)	(5,057)	(564)
	$ 1,276	$ 887	$ 2,411	$ 2,075

Interest Capitalization Information:

	For the Six Months Ended June 30	
	2026	2025
Capitalized Interest Amount	$ 5,057	$ 564
Capitalization Interest Rate	1.35%	1.35%

(5) Depreciation and Amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Property, Plant and Equipment	$ 23,779	$ 25,640	$ 49,425	$ 50,982
Computer Software Costs	1,674	1,674	3,348	3,348
Right-of-Use Assets	1,244	1,552	2,512	3,078
	$ 26,697	$ 28,866	$ 55,285	$ 57,408
Depreciation Expense by Function				
Cost of Goods Sold	$ 24,126	$ 26,073	$ 50,183	$ 51,855
Operating Expenses	1,327	1,241	2,590	2,475
	$ 25,453	$ 27,314	$ 52,773	$ 54,330
Amortization Expense by Function				
Cost of Goods Sold	$ 182	$ 240	$ 365	$ 480
Operating Expenses	1,062	1,312	2,147	2,598
	$ 1,244	$ 1,552	$ 2,512	$ 3,078

(6) Employee Benefits Expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Post-retirement Benefits				
Defined Contribution Plan	$ 3,959	$ 3,904	$ 8,000	$ 7,539
Defined Benefit Plan(Note 16)	5	8	11	15
	3,964	3,912	8,011	7,554
Other Employee Benefits	127,082	102,551	242,637	213,306
Total Employee Benefits Expense	$ 131,046	$ 106,463	$ 250,648	$ 220,860
Summarized by Function				
Operating Costs	$ 98,240	$ 83,877	$ 187,250	$ 163,388
Operating Expenses	32,806	22,586	63,398	57,472
	$ 131,046	$ 106,463	$ 250,648	$ 220,860

(7) Employee and director remuneration

The Company allocates employee compensation and directors' remuneration based on the pre-tax profit for the year, with an allocation rate of no less than 2% for employee compensation and no more than 2% for directors' and supervisors' remuneration.

In accordance with the amendments issued by the Stock Exchange in August 2024, the Company amended its Articles of Incorporation as approved at the 2025 shareholders' meeting, stipulating that not less than 10% of the employee compensation appropriated for the current year shall be allocated as compensation to grassroots employees.

The estimated employee and director remunerations for the periods from January 1 to June 30 of years 2026 and 2025 are as follows:

Estimated rates

	For the Six Months Ended June 30	
	2026	2025
Employee Remuneration	6.01%	6.02%
Director Remuneration	0.85%	1.59%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Employee Remuneration	$ 8,178	($ 3,634)	$ 14,167	$ 7,601
Director Remuneration	1,005	1,005	2,010	2,010

If the amounts change after the date of approval and publication of the annual financial reports, such changes will be accounted for as changes in accounting estimates and adjusted in the following year.

The employee compensation and directors' remuneration for 2025 and 2024 were approved by the Board of Directors on March 11, 2026, and March 3, 2025, respectively, as follows:

	2025	2024
	Cash	Cash
Employee Remuneration	$ 16,741	$ 29,236
Director Remuneration	4,020	4,020

The actual amounts of employee remuneration and directors' compensation approved by the Board of Directors for the years 2025 and 2024 are consistent with the amounts recognized in the financial reports for the same years.

For information regarding the employee remuneration and directors' compensation resolved by the Company's Board of Directors, please refer to the Taiwan Stock Exchange "Market Observation Post System."

XX、Continuing Operations Income Tax

(1) Income Tax Recognized in Profit or Loss

The main components of income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current Income Tax				
In respect of the current period	$ 21,492	$ 8,888	$ 43,676	$ 27,556
Adjustments for prior year	(632)	(506)	(632)	(506)
Deferred Income Tax				
In respect of the current period	(2,113)	(6,855)	(840)	(5,513)
Income Tax Expense Recognized in Profit or Loss	$ 18,747	$ 1,527	$ 42,204	$ 21,537

(2) Income Tax Assessment Status

The company's corporate income tax filings have been assessed and approved by the tax authorities for all years up to 2024.

XXI、 Government Grants

In November 2019, the Company received a government subsidy of NT$390 thousand for power and public equipment. This amount was recorded as deferred revenue and recognized in profit or loss over the useful life of the related assets. On October 1, 2020, the Company acquired NT$345 thousand from CHENFULL International Co., Ltd. through a spin-off. This amount was also recorded as deferred revenue and recognized in profit or loss over the useful life of the related assets.

For the periods from January 1 to June 30, 2026 and 2025, the Company recognized revenue are NT$24 thousand each year.

XXII、 Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of earnings per share are as follows:

Net Income for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Net Income Used for Calculating Basic Earnings Per Share	$ 80,548	$ 12,312	$ 177,263	$ 95,177
Net Income Used for Calculating Diluted Earnings Per Share	$ 80,548	$ 12,312	$ 177,263	$ 95,177

Number of Shares Unit: Thousands of Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Weighted-average number of common shares outstanding – Basic EPS	59,169	59,169	59,169	59,169
Effect of dilutive potential common shares:				
Employee compensation	64	63	124	141
Weighted-average number of common shares outstanding – Diluted EPS	59,233	59,232	59,293	59,310

The Company may settle compensation or bonuses to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares, if dilutive, will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares should be included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXIII、Cash Flow Information

Non-cash Transactions

Cash dividends resolved by the shareholders' meeting had not yet beenpaid as of June 30, 2026 and 2025 (see Notes 15 and 17).

XXIV、Capital Risk Management

The company manages its capital to ensure that it can continue as a going concern, by optimizing the balance between debt and equity to maximize shareholder returns.

The company's capital structure consists of net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., share capital, capital reserves, retained earnings, and other equity items).

The company is not subject to any other external capital requirements.

The company's senior management reviews the capital structure annually, considering the cost of different types of capital and the associated risks. Based on the recommendations of senior management, the company balances its overall capital structure through methods such as paying dividends, issuing new shares, repurchasing shares, and issuing new debt or repaying old debt.

XXV、 Financial Instruments

(1) Fair Value Information - Financial Instruments Not Measured at Fair Value

The company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

(2) Types of Financial Instruments

	June 30, 2026	December 31, 2025	June 30, 2025
Financial Assets			
Financial Assets at Amortized Cost (Note 1)	$ 817,482	$ 706,572	$ 551,100
Deposits for Guarantees	984	865	603
Financial Liabilities			
Amortized Cost (Note 2)	1,415,604	907,785	677,074

Note 1: The balance includes financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, Trade receivable, other receivables, and other financial assets.

Note 2: The balance includes financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable(including related parties), other payables (including related parties, excluding payables for employee benefits), and long-term borrowings.

(3) Financial Risk Management Objectives and Policies

The company's risk management objectives are primarily focused on managing market risk, credit risk, and liquidity risk related to its operational activities. The company identifies, measures, and manages these risks according to the group's policies and risk preferences.

For managing the aforementioned financial risks, the company has established appropriate policies, procedures, and internal controls in accordance with relevant regulations. Significant financial activities must be reviewed by the board of directors in accordance with relevant regulations and internal control systems. During the financial management activities, the company must strictly adhere to the established financial risk management regulations.

A. Market Risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below) and interest rate (refer to (b) below).

(a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 29.

Sensitivity Analysis

The company was mainly exposed to the U.S. dollar.

The table below details the sensitivity analysis for the company when the New Taiwan Dollar (functional currency) appreciates or depreciates by 1% against the relevant foreign currencies. The 1% is the sensitivity ratio used internally by the company to report exchange rate risks to the senior management, and it represents management's reasonable assessment of possible exchange rate fluctuations. A positive number in the table indicates the amount by which pre-tax profit or equity will increase when the New Taiwan Dollar depreciates by 1% against the relevant foreign currencies; conversely, the same amount would be a negative impact when the New Taiwan Dollar appreciates by 1%.

	Impact of the U.S. Dollar	
	For the Six Months Ended June 30	
	2026	2025
Profit or Loss	$ 5,733	$ 3,141

(b) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will lead to fluctuations in the fair value or future cash flows of financial instruments.

As of the balance sheet date, the carrying amounts of financial assets and financial liabilities subject to interest rate risk are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Fair Value Interest Rate Risk			
— Financial Assets	$ 138,958	$ 137,697	$ 131,308
— Financial Liabilities	326,907	439,799	132,645
Cash Flow Interest Rate Risk			
— Financial Assets	113,816	143,466	65,473
— Financial Liabilities	624,710	241,808	103,782

Sensitivity Analysis

The company's fixed-rate financial assets and financial liabilities measured at amortized cost are not included in this analysis; the sensitivity analysis regarding interest rate risk is calculated based on the financial assets on the balance sheet date. The company considers a market interest rate increase/decrease of 0.25% as a reasonable risk assessment for reporting interest rate changes to management. With all other variables held constant, a 0.25% increase/decrease in market interest rates would result in a pre-tax profit increase/decrease of NT$639 thousand for the period from January 1 to June 30, 2026 and NT$48 thousand for the same period in 2025.

B. Credit Risk

The Company only makes transaction with companies with good credits based on the policy. Collaterals held as security are required in some necessary situations to lower the risk of financial loss. In order to lower the credit risk, the controls about determining and approving the line of credit have been made to ensure accounts receivable overdue being received.

Furthermore, the Company reviews the recoverable amount of accounts receivable at the balance sheet date to make sure that proper credit loss has been taken into consideration for those unrecoverable accounts receivable. Therefore, the Company considers credit risk has decreased significantly and, therefore, is limited.

The Company's credit risk is primarily concentrated among its top five customers. As of June 30, 2026, December 31, 2025, and June 30, 2025, receivables from the top five customers accounted for 82%, 86%, and 99% of total receivables, respectively, while the credit concentration risk of the remaining receivables is relatively insignificant.

C. Liquidity Risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

(a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

June 30, 2026

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Non-Derivative Financial Liabilities					
Accounts Payable	$ 264,182	$ -	$ -	$ -	$ 264,182
Lease Liabilities	9,179	9,179	9,179	105,558	133,095
Other Payables	306,265	-	-	-	306,265
Borrowings	220,447	52,059	89,244	483,407	845,157
	$ 800,073	$ 61,238	$ 98,423	$ 588,965	$ 1,548,699

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 3 years	3to 6 years	Over 6 years	Total
Lease Liabilities	$ 9,179	$ 18,358	$ 27,537	$ 78,021	$ 133,095

December 31, 2025

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Non-Derivative Financial Liabilities					
Notes payable	$ 240	$ -	$ -	$ -	$ 240
Accounts Payable	173,404	-	-	-	173,404
Lease Liabilities	9,179	9,179	9,179	110,148	137,685
Other Payables	161,922	-	-	-	161,922
Borrowings	330,411	2,879	34,544	204,385	572,219
	$ 675,156	$ 12,058	$ 43,723	$ 314,533	$1,045,470

Further details of the maturity analysis of lease liabilities are as follows:

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Lease Liabilities	$ 9,179	$ 18,358	$ 27,537	$ 82,611	$ 137,685

June 30,2025

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Non-Derivative Financial Liabilities					
Accounts Payable	$ 158,792	$ -	$ -	$ -	$ 158,792
Lease Liabilities	9,179	9,179	9,179	114,737	142,274
Other Payables	394,439	-	-	-	394,439
Borrowings	20,061	-	8,649	95,133	123,843
	$ 582,471	$ 9,179	$ 17,828	$ 209,870	$ 819,348

Further information regarding the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Lease Liabilities	$ 9,179	$ 18,358	$ 27,537	$ 87,200	$ 142,274

(b) Financing facilities

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank overdraft facility (reviewed annually)			
— Amount used	$ 231,502	$ 341,463	$ 31,463
— Amount unused	1,098,498	988,537	1,298,537
	$ 1,330,000	$ 1,330,000	$ 1,330,000
Secured bank overdraft facility (reviewed annually)			
— Amount used	$ 624,710	$ 241,808	$ 103,782
— Amount unused	975,290	1,358,192	1,496,218
	$ 1,600,000	$ 1,600,000	$ 1,600,000

XXVI、Related Party Transactions

The parent company of the company is CHENFULL International Co., Ltd., which held 63% of the Company's common stock as of June 30, 2026, December 31, 2025, and June 30, 2025.

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follow:

(1) Names of Related Parties and Their Relationships

Names of Related Parties	Relationship with the Company
CHENFULL International Co., Ltd.	Parent Company of the Company
CHENFENG Machinery (Dongguan) Co., Ltd.	Sister company of the company

(2) Amounts Payable to Related Parties (excluding loans from related parties)

Account Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Accounts Payable	Sister company of the company	$ -	$ -	$ 153
Other Payables	Parent Company of the Company	$ 1	$ 615	$ -

(3) Lease Agreements

Lease Expenses

Lessor	Subject of lease	Lease and Rent Payment Method	For the Six Months Ended June 30 2026	2025
Parent company of the company	Office and Factory	Monthly rent of NT$400,000, paid monthly	$ 2,400	$ 2,400
Parent company of the company	Office	Monthly rent of NT$10,000, paid monthly	$ 60	$ 60

(4) Lease Agreements

The total amount of lease payments to be received in the future is summarized as follows:

Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Parent company of the Company	$ 24	$ 72	$ 24

The lease income is summarized as follows:

Lessee	Subject of lease	Rent collection method	For the Six Months Ended June 30 2026	2025
Parent company of the company	Equipment room	Monthly rent of NT$8,000, paid monthly	$ 48	$ 48

(5) Other Related Party Transactions

Account Item	Related Party Category	For the Three Months Ended June 30 2026	2025	For the Six Months Ended June 30 2026	2025
Manufacturing Expenses	Parent Company of the Company	$ 238	$ 223	$ 703	$ 447
Other Income	Parent Company of the Company	$ -	$ -	$ 9	$ 3

(6) Key Management Personnel Compensation

	For the Three Months Ended June 30 2026	2025	For the Six Months Ended June 30 2026	2025
Short-term employee benefits	$ 2,501	$ 2,116	$ 4,961	$ 4,223
Post-employment benefits	44	27	88	54
	$ 2,545	$ 2,143	$ 5,049	$ 4,277

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

XXVII、Assets Pledged as Collateral

The following assets of the company are pledged as performance guarantees required for land development and business operations:

	June 30, 2026	December 31, 2025	June 30, 2025
Other Financial Assets – Current			
Pledged Time Deposits	$ 8,964	$ 8,943	$ 8,943
Other Financial Assets – Non-Current			
Pledged Time Deposits	34,543	34,543	34,543
	$ 43,507	$ 43,486	$ 43,486

XXVIII、Contingent Liabilities and Unrecognized Contractual Commitments

Except as disclosed in other notes, the Company has the following significant commitments and contingent matters:

(A) As of June 30, 2026, the company has issued guarantee notes amounting to NT$2,481,502 thousand due to credit facilities and business performance.

(B) As of June 30, 2026, the company has guarantee notes amounting to NT$228,339 thousand issued by suppliers for performance or warranty guarantees.

(C) The company has contractual commitments with various suppliers to purchase equipment and for plant renovations, with a total contract value of NT$1,640,705 thousand. As of June 30, 2026, NT$960,018 thousand has been paid (recorded as construction-in-progress real estate and prepayments for equipment).

XXIX、Foreign Currency Assets and Liabilities with Significant Impact

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

June 30,2026

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
Monetary Items			
– US Dollar	$ 18,557	31.850 （USD：NTD）	$ 591,053
– EUR Dollar	19	36.290 （EUR：NTD）	$ 678
Financial liabilities			
Monetary items			
Monetary Items			
– US Dollar	556	31.850 （USD：NTD）	$ 17,714

December 31, 2025

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
Monetary Items			
– US Dollar	$ 13,837	31.430 （USD：NTD）	$ 434,899
– EUR Dollar	37	36.900 （EUR：NTD）	$ 1,359
Financial liabilities			
Monetary items			
Monetary items			
– US Dollar	449	31.430 （USD：NTD）	$ 14,098
– EUR Dollar	27	36.900 （EUR：NTD）	$ 981

June 30,2025

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
Monetary Items			
– US Dollar	$ 11,006	29.30 （USD：NTD）	$ 322,477
Financial liabilities			
Monetary items			
Monetary Items			
– US Dollar	286	29.30 （USD：NTD）	$ 8,384

The significant unrealized foreign exchange losses were as follows:

Foreign Currency	For the Six Months Ended June 30			
	2026		2025	
	Exchange Rate	Net Exchange Gain (Loss)	Exchange Rate	Net Exchange Gain (Loss)
(USD)	31.850 (USD：NTD)	$ 8,119	29.30 (USD：NTD)	($ 42,812)

XXX、 Disclosure Notes

(1) Information on Significant Transactions and (2) Information on Investees

Item No.	Content	Description
1	Financing provided to others	None
2	Endorsements/guarantees provided	None
3	Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures)	None
4	Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital	None
5	Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital	None
6	Intercompany relationships and significant intercompany transactions	None

(3) Information on Investments in Mainland China:

No.	Item	Description
1	Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area.	None
2	Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:	None
	(1)The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.	
	(2)The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.	None
	(3)The amount of property transactions and the amount of the resultant gains or losses.	None
	(4)The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.	None
	(5)The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.	None
	(6)Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.	None

XXXI、Departmental Information

Information provided to the primary operating decision-makers to allocate resources and evaluate department performance, focusing on the types of products or services delivered or provided.

(1) Departmental Revenue and Operating Results

The revenue and operating results of the company's continuing operations are analyzed by reportable segments as follows:

	Aerospace Components	Optoelectronics and Semiconductor Equipment Components	Total
January 1 to June 30, 2026			
Revenue from External Customers	$ 213,523	$ 957,846	$1,171,369
Interdepartmental revenue	-	-	-
Consolidated Revenue	$ 213,523	$ 957,846	$1,171,369
Segment profit and loss (excluding headquarters management costs)	$ 78,987	$ 236,601	$ 315,588
Headquarters management costs			(109,128)
Segment Profit and loss			206,460
Interest Income			2,678
Other Income			1,573
Other Gains and Losses			11,167
Finance Costs			(2,411)
Profit before tax from continuing operations			$ 219,467

	Aerospace Components	Optoelectronics and Semiconductor Equipment Components	Total
January 1 to June 30, 2025			
Revenue from External Customers	$ 220,257	$ 598,413	$ 818,670
Interdepartmental revenue	-	-	-
Consolidated Revenue	$ 220,257	$ 598,413	$ 818,670
Segment profit and loss (excluding headquarters management costs)	$ 105,312	$ 148,898	$ 254,210
Headquarters management costs			(96,364)
Segment Profit and loss			157,846
Interest Income			2,606
Other Income			1,126
Other Gains and Losses			(42,789)
Finance Costs			(2,075)
Profit before tax from continuing operations			$ 116,714

Departmental Profit refers to the profit earned by each department, excluding the allocation of headquarters management costs, share of profit or loss from affiliates accounted for using the equity method, interest income, profit or loss from the disposal of

real estate, plants, and equipment, foreign currency exchange gains (losses), financial costs, and income tax expenses. This measure is provided to the primary operating decision-makers to allocate resources to departments and evaluate their performance.

(2) Major Customer Information

Revenue from a single customer that accounts for more than 10% of total revenue is as follows:

	For the Six Months Ended June 30	
	2026	2025
Customer A1	$ 398,763	$ 302,028
Customer B	113,546	141,077
Customer C	135,248	138,705
Customer E	272,962	104,789
	$ 920,519	$ 686,599