HSIN YUNG CHIEN CO., LTD.

INDIVIDUAL FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

JUNE 30, 2026 AND 2025

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of HSIN YUNG CHIEN CO.,LTD.

Introduction

We have reviewed the accompanying individual balance sheets of HSIN YUNG CHIEN CO.,LTD. as at June 30, 2026 and 2025, and the related individual statements of comprehensive income for the three months and six months then ended, as well as the individual statements of changes in equity and of cash flows for the six months then ended, and notes to the individual financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these individual financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of individual 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 causes us to believe that the accompanying individual financial statements do not present fairly, in all material respects, the individual financial position of the Group as at June 30, 2026 and 2025, and of its individual financial performance for the three months and six months then ended and its individual cash flows for the six months then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Wu, Sung-Yuan

Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

August 6, 2026

The accompanying individual financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying individual financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL BALANCE SHEETS
JUNE 30, 2026, DECEMBER 31, 2025 AND JUNE 30, 2025
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	June 30, 2026 AMOUNT	%	December 31, 2025 AMOUNT	%	June 30, 2025 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 624,938	16	$ 546,149	14	$ 683,106	18
1110	Financial assets at fair value through profit or loss - current	6(2)	313,300	8	8	-	-	-
1136	Current financial assets at amortised cost, net	6(3)	1,147,317	29	1,365,238	36	1,301,315	33
1150	Notes receivable, net	6(4)	7,919	-	5,612	-	7,110	-
1170	Accounts receivable, net	6(4)	204,527	5	149,687	4	170,149	4
1200	Other receivables		6,639	-	5,807	-	7,861	-
130X	Inventories	6(5)	238,573	6	263,723	7	223,490	6
1470	Other current assets	6(6)	24,856	1	24,813	1	22,039	1
11XX	**Current Assets**		2,568,069	65	2,361,037	62	2,415,070	62
	Non-current assets							
1600	Property, plant and equipment	6(7) and 8	1,338,079	34	1,372,151	36	1,370,732	35
1780	Intangible assets		1,457	-	1,572	-	559	-
1840	Deferred income tax assets		25,309	-	22,982	1	23,944	1
1900	Other non-current assets	6(8)(12)	41,066	1	47,777	1	92,793	2
15XX	**Non-current assets**		1,405,911	35	1,444,482	38	1,488,028	38
1XXX	**Total assets**		$ 3,973,980	100	$ 3,805,519	100	$ 3,903,098	100

(Continued)

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL BALANCE SHEETS
JUNE 30, 2026, DECEMBER 31, 2025 AND JUNE 30, 2025
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2026 AMOUNT	%	December 31, 2025 AMOUNT	%	June 30, 2025 AMOUNT	%
	Current liabilities							
2130	Current contract liabilities	6(17)	$ 35,628	1	$ 48,486	1	$ 17,915	1
2150	Notes payable		18,129	1	28,507	1	17,053	-
2160	Notes payable - related parties	7(2)	52,024	1	57,557	2	52,620	1
2170	Accounts payable		26,018	1	25,827	1	23,879	1
2180	Accounts payable - related parties	7(2)	17,719	-	18,852	-	16,684	-
2200	Other payables	6(9)	466,023	12	75,093	2	453,541	12
2230	Current income tax liabilities		57,847	1	66,127	2	54,452	1
2250	Provisions for liabilities - current portion	6(10)	3,587	-	3,587	-	3,587	-
2320	Long-term liabilities, current portion	6(11)	77,500	2	77,500	2	77,500	2
2399	Other current liabilities, others	6(17)	1,981	-	1,013	-	1,282	-
21XX	**Current Liabilities**		756,456	19	402,549	11	718,513	18
	Non-current liabilities							
2540	Non-current borrowings	6(11)	161,458	4	200,209	5	232,500	6
2570	Deferred income tax liabilities		30,945	1	31,127	1	31,250	1
2600	Other non-current liabilities		17	-	-	-	17	-
25XX	**Non-current liabilities**		192,420	5	231,336	6	263,767	7
2XXX	**Total Liabilities**		948,876	24	633,885	17	982,280	25
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(14)						
3110	Share capital - common stock		779,918	19	779,918	20	779,918	20
	Capital surplus	6(15)						
3200	Capital surplus		271,375	7	268,039	7	264,821	7
	Retained earnings	6(16)						
3310	Legal reserve		828,218	21	783,241	21	783,241	20
3350	Unappropriated retained earnings		1,145,593	29	1,340,436	35	1,092,838	28
3XXX	**Total equity**		3,025,104	76	3,171,634	83	2,920,818	75
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	**Total liabilities and equity**		$ 3,973,980	100	$ 3,805,519	100	$ 3,903,098	100

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

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Three months ended June 30				Six months ended June 30			
			2026		2025		2026		2025	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17)	$ 421,460	100	$ 396,002	100	$ 809,822	100	$ 750,883	100
5000	Operating costs	6(5)(21)(22) and 7(2)	(261,067)	(62)	(235,481)	(59)	(493,042)	(61)	(448,542)	(59)
5900	Net operating margin		160,393	38	160,521	41	316,780	39	302,341	41
	Operating expenses	6(21)(22)								
6100	Selling expenses		(14,919)	(3)	(16,845)	(4)	(30,271)	(4)	(36,568)	(5)
6200	General and administrative expenses		(12,783)	(3)	(12,924)	(4)	(27,337)	(3)	(26,047)	(4)
6300	Research and development expenses		(2,941)	(1)	(1,010)	-	(4,380)	-	(3,048)	-
6000	Total operating expenses		(30,643)	(7)	(30,779)	(8)	(61,988)	(7)	(65,663)	(9)
6900	Operating profit		129,750	31	129,742	33	254,792	32	236,678	32
	Non-operating income and expenses									
7100	Interest income	6(18)	7,307	2	7,519	2	14,182	2	13,918	2
7010	Other income	6(19)	11,469	2	2,154	-	13,955	2	3,961	-
7020	Other gains and losses	6(20)	8,894	2	(32,000)	(8)	13,259	1	(5,595)	(1)
7050	Finance costs		(443)	-	(555)	-	(926)	-	(1,143)	-
7000	Total non-operating income and expenses		27,227	6	(22,882)	(6)	40,470	5	11,141	1
7900	**Profit before income tax**		156,977	37	106,860	27	295,262	37	247,819	33
7950	Income tax expense	6(23)	(27,227)	(6)	(17,453)	(4)	(55,170)	(7)	(45,645)	(6)
8200	**Profit for the period**		$ 129,750	31	$ 89,407	23	$ 240,092	30	$ 202,174	27
8500	**Total comprehensive income for the period**		$ 129,750	31	$ 89,407	23	$ 240,092	30	$ 202,174	27
	Basic earnings per share	6(24)								
9750	Total basic earnings per share		$ 1.66		$ 1.15		$ 3.08		$ 2.59	
	Diluted earnings per share	6(24)								
9850	Total diluted earnings per share		$ 1.66		$ 1.14		$ 3.07		$ 2.58	

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

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings		
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total equity
Six months ended June 30, 2025						
Balance at January 1, 2025		$ 779,918	$ 261,493	$ 743,233	$ 1,320,632	$ 3,105,276
Profit for the period		-	-	-	202,174	202,174
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income		-	-	-	202,174	202,174
Appropriation and distribution of 2024 earnings:	6(16)					
Legal reserve appropriated		-	-	40,008	(40,008)	-
Cash dividends of ordinary share		-	-	-	(389,960)	(389,960)
Ddividends not received by shareholders	6(15)	-	161	-	-	161
Share-based payments	6(13)(15)	-	3,167	-	-	3,167
Balance at June 30, 2025		$ 779,918	$ 264,821	$ 783,241	$ 1,092,838	$ 2,920,818
Six months ended June 30, 2026						
Balance at January 1, 2026		$ 779,918	$ 268,039	$ 783,241	$ 1,340,436	$ 3,171,634
Profit for the period		-	-	-	240,092	240,092
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income		-	-	-	240,092	240,092
Appropriation and distribution of 2025 earnings:	6(16)					
Legal reserve appropriated		-	-	44,977	(44,977)	-
Cash dividends of ordinary share		-	-	-	(389,958)	(389,958)
Ddividends not received by shareholders	6(15)	-	170	-	-	170
Share-based payments	6(13)(15)	-	3,166	-	-	3,166
Balance at June 30, 2026		$ 779,918	$ 271,375	$ 828,218	$ 1,145,593	$ 3,025,104

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

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30 2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 295,262	$ 247,819
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(21)	57,626	49,570
Amortization expense	6(21)	3,958	3,042
Net gain on financial assets or liabilities at fair value through profit or loss	6(20)	(15,592)	-
Gain on disposal of property and equipment	6(20)	(46)	-
Interest income	6(18)	(14,182)	(13,918)
Interest expense		926	1,143
Share-based payments	6(13)	3,166	3,167
Unrealized foreign exchange loss		9,936	11,150
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(2,307)	8,779
Accounts receivable, net		(75,093)	37,906
Other receivables		(832)	(2,547)
Inventories		25,150	(43,473)
Other current assets		2	(149)
Changes in operating liabilities			
Contract liabilities		12,271	(3,454)
Notes payable		(10,378)	(6,039)
Notes payable - related parties		(5,533)	2,278
Accounts payable		119	3,473
Accounts payable - related parties		(1,133)	(2,844)
Other payables		(2,408)	(161)
Other current liabilities		968	(2,199)
Net defined benefit liability		17	17
Cash inflow generated from operations		281,897	293,560
Interest received	6(18)	14,182	13,918
Interest paid		(943)	(1,168)
Income taxes paid		(65,959)	(33,913)
Net cash flows from operating activities		229,177	272,397
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(770,483)	(943,786)
Proceeds from repayments of financial assets at amortised cost		988,404	708,657
Acquisition of financial assets at fair value through profit or loss	6(2)	(297,700)	-
Acquisition of property and equipment	6(25)	(11,607)	(16,914)
Proceeds from disposal of property, plant and equipment		53	-
(Increase) decrease in refundable deposits	6(8)	(1,464)	4,147
Acquisition of intangible assets		(223)	-
Increase in other operating assets		(3,995)	(3,235)
Net cash flows used in investing activities		(97,015)	(251,131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term borrowings	6(25)	(38,751)	(33,904)
Dividends not received by shareholders	6(15)	170	161
Net cash flows used in financing activities		(38,581)	(33,743)
Effect of exchange rate changes on cash and cash equivalents		(14,792)	(18,058)
Net increase (decrease) in cash and cash equivalents		78,789	(30,535)
Cash and cash equivalents at beginning of period		546,149	713,641
Cash and cash equivalents at end of period		$ 624,938	$ 683,106

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

HSIN YUNG CHIEN CO.,LTD.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIODS ENDED JUNE 30, 2026 AND 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Hsin Yung Chien Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in August 1969. The Company was formerly named as HSIN YUNG CHIEN CO., LTD. and changed its name to HSIN YUNG CHIEN CO., LTD. in 2003. The Company is primarily engaged in manufacturing, processing and sales of rubber conveyor belt, rubber sheet, oil resistant, acid resistant, heat resistant packer elements and other rubber products. The Company's stocks have been approved and listed on the Taipei Exchange since September 28, 2006 and transferred to list in the Taiwan Stock Exchange starting from December 29, 2010 after approval.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on August 6, 2026.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2027 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027 (Note 1)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	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 in IAS 28 investments in associates and joint ventures'	January 1, 2027 (Note 2)

Note 1：The entities shall apply IFRS 18 starting from January 1, 2028. Additionally, entities can choose to adopt IFRS 18 earlier.

Note 2：The entities shall apply the amendment simultaneously with IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 20, 'Regulatory assets and regulatory liabilities'	January 1, 2029

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A.The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B.These financial statements are to be read in conjunction with the financial statements for the year ended December 31, 2025.

(2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the"IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(4) Income tax

Income tax expense for the interim period is calculated by applying the estimated annual average effective tax rate to the pre-tax profit or loss of the interim period, and relevant information is disclosed in accordance with the aforementioned policy.

(5) Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

5. Critical Accounting Judgements, Assumptions and Key Sources of Estimation Uncertainty

There have been no significant changes as of June 30, 2026. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2025.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand and revolving funds	$ 486	$ 614	$ 658
Checking accounts	8,582	5,984	18,333
Demand deposits	295,626	79,527	266,560
Time deposits	320,244	460,024	397,555
	$ 624,938	$ 546,149	$ 683,106

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company's time deposits that did not meet short-term cash commitments were classified as financial assets at amortised cost. Relevant information is provided in Note 6(3).

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

Items	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	$ 297,700	$ -	$ -
Valuation adjustment	15,600	-	-
	313,300	-	-
Financial assets held for trading			
Foreign exchange swap contracts	$ -	$ 8	$ -
Total financial assets at fair value through profit or loss	$ 313,300	$ 8	$ -

The Company recognised net gains on financial assets measured at fair value through profit or loss of $15,600 thousand, $0 thousand, $15,592 thousand and $0 thousand for the three months and six months ended June 30, 2026 and 2025, respectively.

(3) Financial assets at amortised cost

Items	June 30, 2026	December 31, 2025	June 30, 2025
Current items:			
Time deposits maturing in excess of three months	$ 1,147,317	$ 1,365,238	$ 1,301,315

A. As of June 30, 2026, December 31, 2025 and June 30, 2025, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were $1,147,317 thousand,$1,365,238 thousand and $1,301,315 thousand, respectively.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	$ 7,919	$ 5,612	$ 7,110
Accounts receivable	$ 208,102	$ 153,262	$ 173,724
Less: Allowance for bad debts	(3,575)	(3,575)	(3,575)
	$ 204,527	$ 149,687	$ 170,149

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	June 30, 2026		December 31, 2025		June 30, 2025	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 180,122	$ 7,919	$ 143,030	$ 5,612	$ 154,332	$ 7,110
Up to 30 days	21,479	-	10,232	-	19,392	-
31 to 90 days	6,501	-	-	-	-	-
	$ 208,102	$ 7,919	$ 153,262	$ 5,612	$ 173,724	$ 7,110

The above ageing analysis was based on past due date.

B. As of June 30, 2026, December 31, 2025 and June 30, 2025, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2025, the balance of accounts receivable and notes receivable from contracts with customers amounted to $204,469 thousand and $15,889 thousand, respectively.

C. As of June 30, 2026, December 31, 2025 and June 30, 2025, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were $7,919 thousand, $5,612 thousand and $7,110 thousand；and for accounts receivable were $204,527 thousand, $149,687 thousand and $170,149 thousand, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	June 30, 2026		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	$ 133,371	($ 23,250)	$ 110,121
Work in progress	20,047	(3,661)	16,386
Finished goods	122,501	(10,541)	111,960
Merchandises	2,151	(2,045)	106
	$ 278,070	($ 39,497)	$ 238,573

	December 31, 2025		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	$ 114,140	($ 16,728)	$ 97,412
Work in progress	16,914	(3,779)	13,135
Finished goods	160,242	(9,513)	150,729
Merchandises	3,819	(1,372)	2,447
	$ 295,115	($ 31,392)	$ 263,723

	June 30, 2025		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	$ 85,601	($ 6,584)	$ 79,017
Work in progress	18,563	(3,001)	15,562
Finished goods	137,629	(10,031)	127,598
Merchandises	1,950	(637)	1,313
	$ 243,743	($ 20,253)	$ 223,490

The cost of inventories recognised as expense for the period:

	Three months ended June 30	
	2026	2025
Cost of goods sold	$ 248,377	$ 233,974
Loss on slow-moving inventories and (reversal gain) valuation loss	11,312	377
Underapplied overhead	1,378	1,130
	$ 261,067	$ 235,481

	Six months ended June 30			
	2026		2025	
Cost of goods sold	$	479,913	$	443,206
Loss on slow-moving inventories and (reversal gain) valuation loss		8,105		1,800
Underapplied overhead		5,024		3,536
	$	493,042	$	448,542

(6) Other current assets

	June 30, 2026		December 31, 2025		June 30, 2025	
Prepayments	$	24,393	$	24,375	$	21,612
Others		463		438		427
	$	24,856	$	24,813	$	22,039

(7) Property, plant and equipment

	2026				
	At January 1	Addition	Decrease	Transfers during the period	At June 30
Cost					
Land	$ 349,076	$ -	$ -	$ -	$ 349,076
Land improvements	2,519	-	-	-	2,519
Buildings and structures	847,091	-	-	-	847,091
Machinery and equipment	1,403,799	7,429	(260)	16,084	1,427,052
Transportation equipment	2,983	-	(508)	-	2,475
Office equipment	15,534	-	-	-	15,534
Other equipment	175,235	48	-	-	175,283
Unfinished construction/equipment under acceptance	37,279	-	-	-	37,279
Total	2,833,516	$ 7,477	($ 768)	$ 16,084	2,856,309
Accumulated depreciation					
Land improvements	($ 2,518)	$ -	$ -	$ -	($ 2,518)
Buildings and structures	(228,798)	(13,958)	-	-	(242,756)
Machinery and equipment	(1,103,038)	(37,622)	253	-	(1,140,407)
Transportation equipment	(2,416)	(131)	508	-	(2,039)
Office equipment	(13,934)	(346)	-	-	(14,280)
Other equipment	(110,661)	(5,569)	-	-	(116,230)
	(1,461,365)	($ 57,626)	$ 761	$ -	(1,518,230)
	$ 1,372,151				$ 1,338,079

	2025				
	At January 1	Addition	Decrease	Transfers during the period	At June 30
Cost					
Land	$ 349,076	$ -	$ -	$ -	$ 349,076
Land improvements	2,519	-	-	-	2,519
Buildings and structures	810,102	359	-	34,977	845,438
Machinery and equipment	1,328,189	4,012	-	18,184	1,350,385
Transportation equipment	3,448	-	-	-	3,448
Office equipment	15,534	-	-	-	15,534
Other equipment	172,161	1,179	-	1,756	175,096
Unfinished construction/equipment under acceptance	82,391	276	-	(45,112)	37,555
Total	2,763,420	$ 5,826	$ -	$ 9,805	2,779,051
Accumulated depreciation					
Land improvements	($ 2,518)	$ -	$ -	$ -	($ 2,518)
Buildings and structures	(200,658)	(13,938)	-	-	(214,596)
Machinery and equipment	(1,041,509)	(28,724)	-	-	(1,070,233)
Transportation equipment	(2,556)	(168)	-	-	(2,724)
Office equipment	(13,034)	(525)	-	-	(13,559)
Other equipment	(98,474)	(6,215)	-	-	(104,689)
	(1,358,749)	($ 49,570)	$ -	$ -	(1,408,319)
	$ 1,404,671				$ 1,370,732

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Other non-current assets

	June 30, 2026	December 31, 2025	June 30, 2025
Prepayments for business facilities and construction	$ 27,190	$ 35,740	$ 82,810
Guarantee deposits paid	8,363	6,899	3,569
Others	5,513	5,138	6,414
	$ 41,066	$ 47,777	$ 92,793

(9) Other payables

	June 30, 2026	December 31, 2025	June 30, 2025
Dividend payable	$ 389,958	$ -	$ 389,960
Wages and salaries payable	38,108	46,251	27,208
Accrued compensation due to directors	13,401	8,763	11,684
Freight payable	5,469	4,721	5,699
Payable on machinery and equipment	3,604	200	3,022
Other accrued expenses	15,483	15,158	15,968
	$ 466,023	$ 75,093	$ 453,541

(10) Current provisions

	Six months ended June 30	
	2026	2025
At January 1 and June 30	$ 3,587	$ 3,587

The Company’s provision is mainly related to the quality of rubber products sold. Provision is estimated based on historical data of rubber products.

(11) Long-term borrowings

Type of borrowings	Borrowing period	Collateral	June 30, 2026
Long-term bank borrowings			
Secured borrowings	Borrowing period is from August 5, 2022 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	$ 51,646
Secured borrowings	Borrowing period is from August 3, 2023 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	187,312
			238,958
Less: Current portion			(77,500)
			$ 161,458

Type of borrowings	Borrowing period	Collateral	December 31, 2025
Long-term bank borrowings			
Secured borrowings	Borrowing period is from August 5, 2022 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	$ 60,021
Secured borrowings	Borrowing period is from August 3, 2023 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	217,688
			277,709
Less: Current portion			(77,500)
			$ 200,209

Type of borrowings	Borrowing period	Collateral	June 30, 2025
Long-term bank borrowings			
Secured borrowings	Borrowing period is from August 5, 2022 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	$ 67,000
Secured borrowings	Borrowing period is from August 3, 2023 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	243,000
			310,000
Less: Current portion			(77,500)
			$ 232,500

Details of the Company’s assets pledged as collateral for the purpose of long-term borrowings are provided in Note 8.

(12) Pensions

A. (a) 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 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 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every 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 next March. In addition, 4% of the employees' monthly salaries and wages is allocated to the retirement fund for the appointed manager.

(b) The pension costs under defined contribution pension plans of the Company for the three months and six months ended June 30, 2026 and 2025, were $219 thousand, $210 thousand, $436 thousand and $419 thousand respectively.

(c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026 amount to $822 thousand.

B. (a) Effective July 1, 2005, the Company has 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. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the three months and six months ended June 30, 2026 and 2025, were $659 thousand, $627 thousand, $1,314 thousand and $1,240 thousand, respectively.

(13) Share-based payment

A. For the six months ended June 30, 2026 and 2025, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousand)	Contract period	Vesting conditions
Employee stock options	2020.11.24	2,000	10 years	Note

Note: The lifetime of the issued employee stock options is 10 years. After 6 years from the date that employee stock options were granted, employees can exercise the options in accordance with the regulation.

B. Details of the share-based payment arrangements are as follows:

	2026		2025	
	No. of options (shares in thousand)	Weighted-average exercise price (in dollars)	No. of options (shares in thousand)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,000	$ -	2,000	$ -
Options granted	-	-	-	-
Options outstanding at June 30	2,000		2,000	
Options exercisable at June 30	-		-	

C. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock	2020. 11.24	82.6	82.6	20.1737% (Note)	8 years	-	0.2375%	19.1635

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

D. For the three months and six months ended June 30, 2026 and 2025, the compensation costs were $2,134 thousand, $1,592 thousand, $3,166 thousand and $3,167 thousand, respectively.

(14) Share capital

As of June 30, 2026, the Company's authorised capital was $1,000,000 thousand, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was $779,918 thousand with a par value of $10 (in dollars) per share. There was no change in the reporting period. All proceeds from shares issued have been collected.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	June 30, 2026	December 31, 2025	June 30, 2025
Share premium	$ 225,374	$ 225,374	$ 225,374
Treasury share transactions	8,236	8,236	8,236
Employee stock options	35,755	32,589	29,371
Donated assets received	2,010	1,840	1,840
	$ 271,375	$ 268,039	$ 264,821

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. As the Company is in the growth stage, and taking into consideration of shareholders' interest, the Company's financial structure and long-term development, total amount of bonus distributed to shareholders shall be over 20% of accumulated unappropriated earnings. The ratio of cash dividends shall be at least 10% of the total amount of bonus distributed to shareholders.

C. 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 distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. 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.

E. The appropriations of 2025 and 2024 earnings as approved by the Board of Directors on March 4, 2026, and by the shareholders' meeting on May 22, 2025, respectively, are as follows:

	Year ended December 31			
	2025		2024	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 44,977		$ 40,008	
Cash dividends	389,958	5.0	389,960	5.0
	$ 434,935		$ 429,968	

F. The Company's proposal for the appropriation of 2025 earnings was approved by resolution of the shareholders' meeting on May 22, 2026.

G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(22).

(17) Operating revenue

	Three months ended June 30	
	2026	2025
Revenue from contracts with customers	$ 421,460	$ 396,002

	Six months ended June 30	
	2026	2025
Revenue from contracts with customers	$ 809,822	$ 750,883

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major product lines and geographical regions:

	Three months ended June 30, 2026				
Revenue from external customer contracts	Northern America region	Europe region	Asia region	Other regions	Total
Rubber products	$ 175,460	$ 146,541	$ 73,982	$ 5,168	$ 401,151
Other products	$ -	$ -	$ 20,309	$ -	$ 20,309

	Three months ended June 30, 2025				
Revenue from external customer contracts	Northern America region	Europe region	Asia region	Other regions	Total
Rubber products	$ 215,106	$ 103,503	$ 62,514	$ 6,802	$ 387,925
Other products	$ -	$ -	$ 8,077	$ -	$ 8,077

Revenue from external customer contracts	Six months ended June 30, 2026 America region	Europe region	Asia region	Other regions	Total
Rubber products	$ 358,611	$ 251,101	$ 166,834	$ 9,686	$ 786,232
Other products	$ -	$ -	$ 23,590	$ -	$ 23,590

Revenue from external customer contracts	Six months ended June 30, 2025 America region	Europe region	Asia region	Other regions	Total
Rubber products	$ 368,869	$ 175,251	$ 185,758	$ 10,408	$ 740,286
Other products	$ -	$ -	$ 10,597	$ -	$ 10,597

B. Contract liability and refund liability (shown as other current liabilities)

The Company has recognized the following revenue-related contract liabilities:

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Contract liabilities:				
Contract liabilities - advance sales receipts	$ 35,628	$ 48,486	$ 17,915	$ 24,171
Refund liability (that is cash discounts on sales discounts and allowances, shown as 'other current liabilities')	$ 1,703	$ 919	$ 1,231	$ 3,402

	Three months ended June 30	
	2026	2025
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 1,118	$ 2,441

	Six months ended June 30	
	2026	2025
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 43,607	$ 19,114

(18) Interest income

	Three months ended June 30	
	2026	2025
Interest income from bank deposits	$ 7,307	$ 7,519

	Six months ended June 30	
	2026	2025
Interest income from bank deposits	$ 14,182	$ 13,918

(19) Other income

	Three months ended June 30	
	2026	2025
Revenue for government grants	$ 9,000	$ -
Rent income	26	29
Other income, others	2,443	2,125
	$ 11,469	$ 2,154

	Six months ended June 30	
	2026	2025
Revenue for government grants	$ 9,000	$ -
Rent income	60	66
Other income, others	4,895	3,895
	$ 13,955	$ 3,961

Note：The Company participated in the Ministry of Economic Affairs' industry program in the year 2026. The government grants should be recognized as government grant income (listed under "Other Income") on a systematic basis over the periods in which the related costs, intended to be compensated by the government grants, are expensed by the Company. Government grant income from January 1 to June 30, 2026 amounted to $9,000 thousand.

(20) Other gains and losses

	Three months ended June 30	
	2026	2025
Net gain on financial assets at fair value through profit	$ 15,600	$ -
Gains on disposal of property, plant and equipment	29	-
Foreign exchange losses	(6,735)	(32,000)
	$ 8,894	($ 32,000)

	Six months ended June 30	
	2026	2025
Net gain on financial assets at fair value through profit or loss	$ 15,592	$ -
Gains on disposal of property, plant and equipment	46	-
Foreign exchange losses	(2,379)	(5,595)
	$ 13,259	($ 5,595)

(21) Expenses by nature

	Three months ended June 30	
	2026	2025
Employee benefit expense	$ 29,184	$ 25,380
Depreciation charges on property, plant and equipment	28,999	24,996
Amortisation expense	2,387	2,419
Operating cost and operating expenses	$ 60,570	$ 52,795

	Six months ended June 30	
	2026	2025
Employee benefit expense	$ 58,581	$ 54,047
Depreciation charges on property, plant and equipment	57,626	49,570
Amortisation expense	3,958	3,042
Operating cost and operating expenses	$ 120,165	$ 106,659

(22) Employee benefit expense

	Three months ended June 30, 2026		
	Cost	Expenses	Total
Wages and salaries	$ 13,757	$ 6,395	$ 20,152
Employee stock options	1,131	1,003	2,134
Labour and health insurance fees	1,470	551	2,021
Pension costs	500	378	878
Directors' remuneration	-	2,830	2,830
Other personnel expenses	940	229	1,169
	$ 17,798	$ 11,386	$ 29,184

	Three months ended June 30, 2025		
	Cost	Expenses	Total
Wages and salaries	$ 12,543	$ 5,569	$ 18,112
Employee stock options	843	749	1,592
Labour and health insurance fees	1,400	526	1,926
Pension costs	467	370	837
Directors' remuneration	-	2,012	2,012
Other personnel expenses	729	172	901
	$ 15,982	$ 9,398	$ 25,380

	Six months ended June 30, 2026		
	Cost	Expenses	Total
Wages and salaries	$ 28,252	$ 13,382	$ 41,634
Employee stock options	1,678	1,488	3,166
Labor and health insurance fees	3,146	1,192	4,338
Pension costs	997	753	1,750
Directors' remuneration	-	5,396	5,396
Other personnel expenses	1,869	428	2,297
	$ 35,942	$ 22,639	$ 58,581

	Six months ended June 30, 2025		
	Cost	Expenses	Total
Wages and salaries	$ 26,660	$ 12,208	$ 38,868
Employee stock options	1,678	1,489	3,167
Labor and health insurance fees	2,928	1,111	4,039
Pension costs	941	718	1,659
Directors' remuneration	-	4,620	4,620
Other personnel expenses	1,369	325	1,694
	$ 33,576	$ 20,471	$ 54,047

A. In accordance with the Articles of Incorporation of the Company, the profit before deducting from tax and employees' compensation and directors' remuneration shall be used to offset operating losses. The remainder, if any, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation, including no less than 1% allocated to grassroots employees and shall not be higher than 3% for directors' remuneration.

B. The accrued amounts of employees' compensation and directors' and supervisors' remuneration are as follows:

	Three months ended June 30	
	2026	2025
Employees' compensation	$ 4,931	$ 3,357
Directors' and supervisors' remuneration	2,466	1,678
	$ 7,397	$ 5,035

	Six months ended June 30	
	2026	2025
Employees' compensation	$ 9,275	$ 7,785
Directors' and supervisors' remuneration	4,638	3,892
	$ 13,913	$ 11,677

The above-mentioned amounts were recognized in salary expenses.

For the six months ended June 30, 2026 and 2025, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period, and the estimated and accrued ratios are as follows:

	Six months ended June 30	
	2026	2025
Employees' compensation ratio	3.00%	3.00%
Directors' and supervisors' remuneration ratio	1.50%	1.50%

C. Employees' compensation and directors' and supervisors' remuneration for 2025 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2025 financial statements, and the employees' compensation will be distributed in the form of cash.

D. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30	
	2026	2025
Current tax:		
Current tax on profits for the period	$ 29,388	$ 25,037
Prior year income tax overestimation	(1,048)	(3,938)
Total current tax	28,340	21,099
Deferred tax:		
Origination and reversal of temporary differences	(1,113)	(3,646)
Income tax expense	$ 27,227	$ 17,453

	Six months ended June 30	
	2026	2025
Current tax:		
Current tax on profits for the period	$ 58,441	$ 55,041
Prior year income tax overestimation	(762)	(3,938)
Total current tax	57,679	51,103
Deferred tax:		
Origination and reversal of temporary differences	(2,509)	(5,458)
Income tax expense	$ 55,170	$ 45,645

B. The Company's income tax returns through 2024 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	Three months ended June 30, 2026		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the period	$ 129,750	77,992	$ 1.66
Diluted earnings per share			
Profit for the period	$ 129,750	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	122	
Employees' compensation	-	105	
Profit plus assumed conversion of all dilutive potential ordinary shares	$ 129,750	78,219	$ 1.66

	Three months ended June 30, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the period	$ 89,407	77,992	$ 1.15
Diluted earnings per share			
Profit for the period	$ 89,407	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	75	
Employees' compensation	-	87	
Profit plus assumed conversion of all dilutive potential ordinary shares	$ 89,407	78,154	$ 1.14

	Six months ended June 30, 2026		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the period	$ 240,092	77,992	$ 3.08
Diluted earnings per share			
Profit for the period	$ 240,092	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	122	
Employees' compensation	-	174	
Profit plus assumed conversion of all dilutive potential ordinary shares	$ 240,092	78,288	$ 3.07

	Six months ended June 30, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the period	$ 202,174	77,992	$ 2.59
Diluted earnings per share			
Profit for the period	$ 202,174	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	88	
Employees' compensation	-	142	
Profit plus assumed conversion of all dilutive potential ordinary shares	$ 202,174	78,222	$ 2.58

The diluted earnings per share computation shall assume that distribution will be in the form of stocks in the calculation of the weighted-average number of common shares outstanding during the current year, taking into account the dilutive effects of employees' compensation on potential common share.

(25) Supplemental cash flow information

A. Investing activities with partial cash payments for property, plant and equipment:

	Six months ended June 30			
	2026		2025	
Purchase of property, plant and equipment	$	23,561	$	15,631
Add: Opening balance of payable on equipment		200		2,858
Less: Ending balance of payable on equipment	(	3,604)	(	3,022)
Add: Ending balance of prepayment for equipment and construction		27,190		82,810
Less: Opening balance of prepayment for equipment and construction	(	35,740)	(	81,363)
Cash paid during the period	$	11,607	$	16,914

B. Changes in liabilities from financing activities

	2026					
	Long-term borrowings		Cash dividends paid		Liabilities from financing activities-gross	
At January 1	$	277,709	$	-	$	277,709
Changes in cash flow from financing activities	(	38,751)		-	(	38,751)
Changes in other non-cash items		-		389,958		389,958
At June 30	$	238,958	$	389,958	$	628,916

	2025					
	Long-term borrowings		Cash dividends paid		Liabilities from financing activities-gross	
At January 1	$	343,904	$	-	$	343,904
Changes in cash flow from financing activities	(	33,904)		-	(	33,904)
Changes in other non-cash items		-		389,960		389,960
At June 30	$	310,000	$	389,960	$	699,960

C. Investing activities with no cash flow effects

	Six months ended June 30			
	2026		2025	
Prepayment for equipment being transferred to property, plant and equipment	$	16,084	$	9,805

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
CLEP ENTERPRISE CO., LTD.	The chairman of the entity is the second-degree relative of the chairman of the Company (other related party)

(2) Significant related party transactions

A. Purchases

	Three months ended June 30	
	2026	2025
Raw materials purchased:		
CLEP ENTERPRISE CO., LTD.	$ 51,793	$ 53,638

	Six months ended June 30	
	2026	2025
Raw materials purchased:		
CLEP ENTERPRISE CO., LTD.	$ 92,048	$ 99,825

The above price of purchase transactions is based on the market price in mutual agreement. The payment terms were approximately the same as those with general suppliers. The payment to the general suppliers is 60 to 95 days after monthly billings, L/C or T/T based on the different transaction terms.

B. Payables to related parties:

	June 30, 2026	December 31, 2025	June 30, 2025
Notes payable:			
CLEP ENTERPRISE CO., LTD.	$ 52,024	$ 57,557	$ 52,620
Accounts payable:			
CLEP ENTERPRISE CO., LTD.	$ 17,719	$ 18,852	$ 16,684

The payables to related parties arose mainly from purchase transactions.

(3) Key management compensation

	Three months ended June 30	
	2026	2025
Short-term employee benefits	$ 3,559	$ 2,741
Post-employment benefits	8	9
	$ 3,567	$ 2,750

	Six months ended June 30	
	2026	2025
Short-term employee benefits	$ 6,855	$ 6,078
Post-employment benefits	17	17
	$ 6,872	$ 6,095

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value June 30, 2026	Book value December 31, 2025	Book value June 30, 2025	Purpose
Property, plant and equipment	$ 764,981	$ 773,650	$ 782,319	Long-term borrowings (Noted)

Noted: The Company has fully repaid certain secured long-term loans; however, the cancellation of the related collateral has not yet been processed.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Property, plant and equipment	$ 29,200	$ 19,063	$ 18,993

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 313,300	$ 8	$ -
Financial assets at amortised cost			
Cash and cash equivalents	$ 624,938	$ 546,149	$ 683,106
Current financial assets at amortised cost	1,147,317	1,365,238	1,301,315
Notes receivable	7,919	5,612	7,110
Accounts receivable	204,527	149,687	170,149
Other receivables	6,639	5,807	7,861
Guarantee deposits paid	8,363	6,899	3,569
	$ 1,999,703	$ 2,079,392	$ 2,173,110

	June 30, 2026	December 31, 2025	June 30, 2025
Financial liabilities			
Financial liabilities at amortised cost			
Notes payable (including related parties)	$ 70,153	$ 86,064	$ 69,673
Accounts payable (including related parties)	43,737	44,679	40,563
Other payables	466,023	75,093	453,541
Long-term borrowings	238,958	277,709	310,000
	$ 818,871	$ 483,545	$ 873,777

B. Financial risk management policies

(a) The Company's daily sales expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units and chairman's office, and implements in accordance with the Company's internal management regulation and internal control system. The process and results of the implementation shall comply with the regulations of the law.

The Board of Directors of the Company supervises the management's compliance with financial risk policies and procedures, and reviews the appropriateness of the Company's financial risk framework. Internal auditors assist the board of directors of the Company in its supervisory role by conducting regular and exception reviews and reporting the results to the Board of Directors.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i The Company sells internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, GBP, JPY, AUD and EUR. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of sales revenue.

iii The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2026					
(Foreign currency: functional currency)				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
JPY:NTD	$ 1,025,765	0.19	$ 199,306	1%	$ 1,993	-
USD:NTD	1,326	31.80	42,167	1%	422	-
EUR:NTD	5,608	36.09	202,393	1%	2,024	-
GBP:NTD	454	41.97	19,054	1%	191	-
AUD:NTD	15	21.80	327	1%	3	-
Financial liabilities						
Monetary items						
USD:NTD	$ 308	31.80	$ 9,794	1%	$ 98	-

(Foreign currency: functional currency)	December 31, 2025					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
JPY:NTD	$ 662,121	0.20	$131,630	1%	$ 1,316	-
USD:NTD	2,120	31.38	66,526	1%	665	-
EUR:NTD	2,568	36.70	94,246	1%	942	-
GBP:NTD	184	42.13	7,752	1%	78	-
AUD:NTD	11	20.91	230	1%	2	-
Financial liabilities						
Monetary items						
USD:NTD	$ 196	31.38	$ 6,150	1%	$ 62	-

(Foreign currency: functional currency)	June 30, 2025					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
JPY:NTD	$ 235,940	0.20	$ 47,188	1%	$ 472	-
USD:NTD	4,654	29.25	136,130	1%	1,361	-
EUR:NTD	3,195	34.15	109,109	1%	1,091	-
AUD:NTD	378	19.04	7,197	1%	72	-
GBP:NTD	426	39.96	17,023	1%	170	-
Financial liabilities						
Monetary items						
USD:NTD	$ 175	29.25	$ 5,119	1%	$ 51	-

iv The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the three months and six months ended June 30, 2026 and 2025 amounted to loss of ($6,735) thousand, loss of ($32,000) thousand, loss of ($2,379) thousand and loss of ($5,595) thousand, respectively.

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the six months ended June 30, 2026, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(b) Credit risk

i Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.

ii The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company 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. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii The Company is in line with credit risk management procedure to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were highly unrecoverable, there has been a significant increase in credit risk on that instrument since initial recognition, and the specific identification was adopted.

iv The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

v The Company first evaluates and recognizes impairment losses for individual receivables that have objective evidence that they cannot be collected. For the rest of receivables, the loss rate is established based on historical and timely information for a specific period, and future forward-looking considerations are made to assess the loss allowance for receivables. As of June 30, 2026, December 31, 2025 and June 30, 2025, there was no loss allowance for the above-mentioned individual provision for receivables. The rest of receivables were assessed using expected loss approach, the accumulated loss allowance were all recognised amounting to $3,575 thousand.

vi Movements in relation to the Company applying the modified approach to provide loss allowance for receivables are as follows:

	2026	2025
	Accounts receivable	Accounts receivable
At January 1	$ 3,575	$ 3,575
Reversal of impairment loss	-	-
At June 30	$ 3,575	$ 3,575

(c) Liquidity risk

i Cash flow forecasting is performed in the operating segments of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

ii The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings 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 contractual undiscounted cash flows.

Non-derivative financial liabilities
June 30, 2026

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	$ 18,129	$ -	$ -	$ -	$ 18,129
Notes payable to related parties	52,024	-	-	-	52,024
Accounts payable	26,018	-	-	-	26,018
Accounts payable to related parties	17,719	-	-	-	17,719
Other payables	452,622	13,401	-	-	466,023
Long-term borrowings	19,793	59,171	162,718	-	241,682

Non-derivative financial liabilities

December 31, 2025

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	$ 28,507	$ -	$ -	$ -	$ 28,507
Notes payable to related parties	57,557	-	-	-	57,557
Accounts payable	25,827	-	-	-	25,827
Accounts payable to related parties	18,852	-	-	-	18,852
Other payables	66,330	8,763	-	-	75,093
Long-term borrowings	19,863	59,380	202,130	-	281,373

Non-derivative financial liabilities

June 30, 2025

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	$ 17,053	$ -	$ -	$ -	$ 17,053
Notes payable to related parties	52,620	-	-	-	52,620
Accounts payable	23,879	-	-	-	23,879
Accounts payable to related parties	16,684	-	-	-	16,684
Other payables	441,857	11,684	-	-	453,541
Long-term borrowings	19,922	59,555	235,081	-	314,558

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

E. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

F. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

14. Segment Information

(1) General information

The Company operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Reconciliation for segment income (loss)

For the three months and six months ended June 30, 2026 and 2025, the total segment profit (loss) was the same as the profit (loss) before tax from continuing operations, and there were no reconciling items.

(Remainder of page intentionally left blank)

Hsin Yung Chien Co., Ltd.

Holding of material marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

June 30, 2026

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2026				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Hsin Yung Chien Co., Ltd.	TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.	N	Current financial assets at fair value through profit or loss	130,000	$ 297,700	0.00%	$ 313,000	
			Valuation adjustment		15,600		$ 313,000	
					$ 313,300			