

**WEIKENG INDUSTRIAL CO., LTD. AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2025 and 2024**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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## Independent Auditors' Review Report

To the Board of Directors of Weikeng Industrial Co., Ltd.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Weikeng Industrial Co., Ltd. and its subsidiaries as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six ended June 30, 2025 and 2024, as well as changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 the consolidated 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 conducted in accordance with the Standards on Auditing of the Republic of China 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 consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Weikeng Industrial Co., Ltd. and its subsidiaries as of June 30, 2025 and 2024, and of its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, as well as its consolidated cash flows for the six months ended June 30, 2025 and 2024 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 Au, Yiu-Kwan and Hsin, Yu-Ting.

KPMG

Taipei, Taiwan (Republic of China)

August 8, 2025

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****June 30, 2025, December 31, and June 30, 2024****(expressed in thousands of New Taiwan Dollars)**

		<b>June 30, 2025</b>		<b>December 31, 2024</b>		<b>June 30, 2024</b>						<b>June 30, 2025</b>		<b>December 31, 2024</b>		<b>June 30, 2024</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Liabilities and Equity</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>										<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note (6)(a))	\$ 3,381,065	9	2,985,318	7	1,495,483	4	2100	Short-term borrowings (note (6)(h))	\$ 15,622,383	40	17,340,753	41	17,961,534	46		
1110	Current financial assets at fair value through profit or loss (note (6)(b))	799	-	799	-	835	-	2120	Current financial liabilities at fair value through profit or loss (notes (6)(b) and (6)(i))	224	-	1,014	-	2,583	-		
1170	Notes and accounts receivable, net (note (6)(d))	16,182,521	41	17,744,616	42	16,473,869	43	2130	Current contract liabilities (note (6)(q))	346,379	1	510,424	1	1,003,307	3		
1200	Other receivables (note (6)(d))	648,994	2	590,218	1	505,547	1	2170	Accounts payable	7,400,155	19	8,276,821	19	5,714,419	15		
1300	Inventories, net (note (6)(e))	17,685,343	45	20,524,632	48	18,399,653	47	2200	Other payables	762,854	2	951,059	2	841,955	2		
1470	Prepayments and other current assets (note (6)(a))	429,029	1	180,713	-	1,212,246	3	2216	Dividends payable	1,000,000	3	-	-	870,000	2		
		<u>38,327,751</u>	<u>98</u>	<u>42,026,296</u>	<u>98</u>	<u>38,087,633</u>	<u>98</u>	2230	Current tax liabilities	120,395	-	194,693	1	158,839	1		
<b>Non-current assets:</b>								2280	Current lease liabilities (note (6)(j))	113,793	-	135,948	-	118,654	-		
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	88,781	-	88,833	-	77,248	-	2300	Other current liabilities	486,702	1	507,673	1	483,525	1		
1600	Property, plant and equipment (note (6)(f))	148,315	-	153,222	-	150,128	1	2320	Bonds payable, current portion (note (6)(i))	436,090	1	575,289	1	1,177,190	3		
1755	Right-of-use assets (note (6)(g))	218,360	1	282,188	1	228,777	1			<u>26,288,975</u>	<u>67</u>	<u>28,493,674</u>	<u>66</u>	<u>28,332,006</u>	<u>73</u>		
1780	Intangible assets	9,211	-	7,317	-	9,351	-	<b>Non-current liabilities:</b>									
1840	Deferred tax assets	354,045	1	187,363	1	108,726	-	2500	Non-current financial liabilities at fair value through profit or loss (notes (6)(b) and (6)(i))	25,000	-	29,000	-	-	-		
1900	Other non-current assets	76,973	-	85,885	-	81,229	-	2530	Bonds payable (note (6)(i))	2,252,587	6	2,224,804	5	-	-		
		<u>895,685</u>	<u>2</u>	<u>804,808</u>	<u>2</u>	<u>655,459</u>	<u>2</u>	2570	Deferred tax liabilities	973,239	3	973,239	2	857,291	2		
								2580	Non-current lease liabilities (note (6)(j))	109,286	-	153,589	1	116,601	1		
								2640	Non-current net defined benefit liabilities	38,105	-	41,797	-	66,233	-		
								2670	Other non-current liabilities	193	-	193	-	193	-		
										<u>3,398,410</u>	<u>9</u>	<u>3,422,622</u>	<u>8</u>	<u>1,040,318</u>	<u>3</u>		
									<b>Total liabilities</b>	<u>29,687,385</u>	<u>76</u>	<u>31,916,296</u>	<u>74</u>	<u>29,372,324</u>	<u>76</u>		
									<b>Equity (note (6)(n)):</b>								
								3100	Common stock	4,797,641	12	4,742,934	11	4,507,764	12		
								3200	Capital surplus	2,635,591	6	2,539,836	6	1,906,155	5		
									Retained earnings:								
								3310	Legal reserve	1,499,348	4	1,383,563	3	1,383,563	3		
								3320	Special reserve	-	-	12,354	-	12,355	-		
								3350	Unappropriated earnings	920,879	2	1,863,670	5	1,235,756	3		
										<u>2,420,227</u>	<u>6</u>	<u>3,259,587</u>	<u>8</u>	<u>2,631,674</u>	<u>6</u>		
									Other equity interest:								
								3410	Exchange differences on translation of foreign financial statements	(225,506)	-	464,301	1	417,019	1		
								3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(91,902)	-	(91,850)	-	(91,844)	-		
										<u>(317,408)</u>	<u>-</u>	<u>372,451</u>	<u>1</u>	<u>325,175</u>	<u>1</u>		
									<b>Total equity</b>	<u>9,536,051</u>	<u>24</u>	<u>10,914,808</u>	<u>26</u>	<u>9,370,768</u>	<u>24</u>		
<b>Total assets</b>		<u>\$ 39,223,436</u>	<u>100</u>	<u>42,831,104</u>	<u>100</u>	<u>38,743,092</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 39,223,436</u>	<u>100</u>	<u>42,831,104</u>	<u>100</u>	<u>38,743,092</u>	<u>100</u>		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES****Consolidated Statement of Comprehensive Income****For the three months and six months ended June 30, 2025 and 2024****(expressed in thousands of New Taiwan Dollars, except for earnings per share)**

		For the three months ended June 30				For the six months ended June 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Net sales revenue (note (6)(q))	\$ 28,459,654	100	22,536,800	100	54,269,673	100	40,981,076	100
5000	Cost of sales (note (6)(e))	27,999,647	98	21,108,138	94	52,432,766	97	38,503,266	94
	Gross profit	460,007	2	1,428,662	6	1,836,907	3	2,477,810	6
	Operating expenses (notes (6)(j), (6)(l), (6)(r), (7) and (12)):								
6100	Selling expenses	524,474	2	499,199	2	1,059,691	2	954,299	2
6200	Administrative expenses	109,535	-	137,171	1	246,981	-	253,421	1
6450	Expected credit losses (note (6)(d))	2,411	-	20,743	-	24,540	-	13,408	-
		636,420	2	657,113	3	1,331,212	2	1,221,128	3
	Net operating income (loss)	(176,413)	-	771,549	3	505,695	1	1,256,682	3
	Non-operating income and expenses:								
7100	Interest income	11,114	-	10,839	-	22,214	-	13,767	-
7010	Other income (note (7))	1,520	-	1,183	-	2,941	-	3,276	-
7230	Foreign currency exchange gains (losses), net (note (6)(s))	259,297	1	(60,158)	-	263,012	-	(85,073)	-
7235	Gains (losses) on financial assets (liabilities) at fair value through profit or loss, net (note (6)(i))	1,689	-	3,136	-	4,604	-	8,643	-
7050	Finance costs (notes (6)(i) and (6)(j))	(271,529)	(1)	(261,253)	(1)	(534,515)	(1)	(516,636)	(1)
7590	Miscellaneous disbursements	2	-	(166)	-	1	-	(372)	-
		2,093	-	(306,419)	(1)	(241,743)	(1)	(576,395)	(1)
7900	Profit (loss) before tax	(174,320)	-	465,130	2	263,952	-	680,287	2
7950	Less: Income tax expenses (note (6)(m))	(12,212)	-	104,127	-	103,312	-	150,347	-
8200	Profit (loss)	(162,108)	-	361,003	2	160,640	-	529,940	2
	Other comprehensive income:								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(28)	-	(14)	-	(52)	-	(37)	-
8349	Less: Income tax related to items that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
		(28)	-	(14)	-	(52)	-	(37)	-
8360	Items that may be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(954,185)	(3)	108,266	-	(862,259)	(1)	421,958	1
8399	Less: Income tax related to items that will be reclassified to profit or loss (note (6)(m))	(190,837)	-	21,654	-	(172,452)	-	84,392	-
		(763,348)	(3)	86,612	-	(689,807)	(1)	337,566	1
	Other comprehensive income	(763,376)	(3)	86,598	-	(689,859)	(1)	337,529	1
8500	Comprehensive income	\$ (925,484)	(3)	447,601	2	(529,219)	(1)	867,469	3
	Earnings per ordinary share (expressed in New Taiwan dollars) (note (6)(p))								
9750	Basic earnings (loss) per share	\$ (0.34)		0.84		0.34		1.24	
9850	Diluted earnings (loss) per share	\$ (0.34)		0.73		0.33		1.07	

See accompanying notes to consolidated financial statements.

## Consolidated Statement of Changes in Equity

(expressed in thousands of New Taiwan Dollars)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES****Consolidated Statement of Cash Flows****For the six months ended June 30, 2025 and 2024****(expressed in thousands of New Taiwan Dollars)**

	<b>For the six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 263,952	680,287
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expenses	85,581	86,498
Amortization expenses	4,360	4,017
Expected credit losses	24,540	13,408
Net gains on financial assets and liabilities at fair value through profit or loss	(4,604)	(8,643)
Interest expenses	534,515	516,636
Interest income	(22,214)	(13,767)
Share-based payments	10,339	-
Others	(144)	(417)
	<u>632,373</u>	<u>597,732</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in notes and accounts receivable	1,537,555	(2,900,311)
Increase in other receivables	(57,495)	(117,906)
Decrease in inventories	2,839,289	2,117,346
Increase in prepayments and other current assets	(163,836)	(135,553)
	<u>4,155,513</u>	<u>(1,036,424)</u>
Decrease in accounts payable	(52,291)	(3,878,429)
Decrease in other payable	(178,942)	(28,041)
Decrease in contract liabilities and other current liabilities	(185,016)	(48,637)
Decrease in net defined benefit liabilities	(3,692)	(3,634)
	<u>(419,941)</u>	<u>(3,958,741)</u>
Total changes in operating assets and liabilities	<u>3,735,572</u>	<u>(4,995,165)</u>
Total adjustments	<u>4,367,945</u>	<u>(4,397,433)</u>
Cash flows from (used) in operations	4,631,897	(3,717,146)
Interest received	21,858	13,214
Interest paid	(512,202)	(480,475)
Income taxes paid	(170,971)	(187,962)
<b>Net cash flows from (used in) operating activities</b>	<u>3,970,582</u>	<u>(4,372,369)</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(5,222)	(9,390)
Disposal of property, plant and equipment	165	-
Increase in refundable deposits	(75,758)	(121,384)
Acquisition of intangible assets	(6,944)	(6,135)
Increase in other prepayments	(746)	(270)
<b>Net cash flows used in investing activities</b>	<u>(88,505)</u>	<u>(137,179)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	-	3,259,461
Decrease in short-term borrowings	(2,542,745)	-
Repurchase of bonds	(3,045)	-
Payments of lease liabilities	(75,286)	(82,792)
<b>Net cash flows (used in) from financing activities</b>	<u>(2,621,076)</u>	<u>3,176,669</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(865,254)</u>	<u>417,630</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	395,747	(915,249)
<b>Cash and cash equivalents at the beginning of period</b>	2,985,318	2,410,732
<b>Cash and cash equivalents at the end of period</b>	<u>\$ 3,381,065</u>	<u>1,495,483</u>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

## **WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

**June 30, 2025 and 2024**

**(expressed in thousands of New Taiwan Dollars, unless otherwise specified)**

#### **(1) Company history**

Weikeng Industrial Co., Ltd. (the “Company”) was incorporated in Taiwan as a company limited by shares in January 1977 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 11F, No.308 Sec. 1, Neihu Rd., Neihu Dist., Taipei City. The major activities of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) are the purchase and sale of electronic components and computer peripherals, technical service, and the import-export trade business. Please refer to note (4)(b) for related information. The Company’s common shares were listed on the Taiwan Stock Exchange (TSE).

#### **(2) Approval date and procedures of the consolidated financial statements**

The consolidated financial statements were authorized for issuance by the Board of Directors on August 8, 2025.

#### **(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

**(4) Summary of material accounting policies**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2024.

**(b) Basis of Consolidation**

**(i) List of subsidiaries in the consolidated financial statements:**

<b>Name of Investor</b>	<b>Name of Subsidiary</b>	<b>Nature of operation</b>	<b>Shareholding</b>		
			<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
The Company	Weikeng International Co., Ltd. (WKI)	Electronic components computer peripherals products distribution and technical support	100 %	100 %	100 %
"	Weikeng Technology Co., Ltd. (WKZ)	Electronic components and technical support	100 %	100 %	100 %
"	Weikeng Technology Pte. Ltd. (WTP)	"	100 %	100 %	100 %
WKI	Weikeng International (Shanghai) Co., Ltd. (WKS)	Electronic components computer peripherals products distribution and technical support	100 %	100 %	100 %
"	Weitech International Co., Ltd. (Weitech)	Import and export trade of electronic components	100 %	100 %	100 %

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of Investor	Name of Subsidiary	Nature of operation	Shareholding		
			June 30, 2025	December 31, 2024	June 30, 2024
WKS	SiUltra Electronic Technology (Shanghai) Co., Ltd. (SiU)	Electronic technology development and technical advisory	100 %	100 %	100 %

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

For a change in tax rate that is substantively enacted in an interim period, the effect of the change should immediately be recognized in the interim period in which the change occurs.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2024.

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts**

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2024 consolidated financial statements. Please refer to note (6) of the 2024 annual consolidated financial statements.

**(a) Cash and cash equivalents**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Cash on hand	\$ 167	169	169
Checking accounts and demand deposits	3,351,743	2,985,149	1,462,864
Time deposits	29,155	-	32,450
	<b><u>\$ 3,381,065</u></b>	<b><u>2,985,318</u></b>	<b><u>1,495,483</u></b>

As of June 30, 2025, December 31 and June 30, 2024, the Group's time deposits with original maturities of more than three months amounted to \$0, \$0 and \$60,000, respectively, and were recognized under other current assets.

Please refer to note (6)(s) for the exchange rate, interest rate risk and sensitivity analysis of the financial assets of the Group.

**(b) Financial assets and liabilities at fair value through profit or loss**

(i) The details of the financial assets and liabilities at fair value through profit or loss were as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Current financial assets at fair value through profit or loss:			
Non-derivative financial assets			
Stocks listed on domestic markets	\$ <u>799</u>	<u>799</u>	<u>835</u>
Current financial liabilities at fair value through profit or loss:			
Convertible bonds – embedded derivatives	\$ <u>224</u>	<u>1,014</u>	<u>2,583</u>
Non-current financial liabilities at fair value through profit or loss:			
Convertible bonds – embedded derivatives	\$ <u>25,000</u>	<u>29,000</u>	<u>-</u>

As of June 30, 2025, December 31 and June 30, 2024, the Group did not provide any financial assets at fair value through profit or loss as collateral for its loans.

Please refer to note (6)(s) for credit risk and currency risk of financial assets of the Group.

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Non-current financial assets at fair value through other comprehensive income

	<u>June 30,</u> <u>2025</u>	<u>December</u> <u>31, 2024</u>	<u>June 30,</u> <u>2024</u>
Debt investments at fair value through other comprehensive income:			
Overseas unlisted convertible promissory note	\$ 9,056	9,056	9,056
Equity investments at fair value through other comprehensive income:			
Domestic emerging market stocks	142	194	200
Domestic unlisted stocks	72,125	72,125	60,534
Overseas unlisted stocks	<u>7,458</u>	<u>7,458</u>	<u>7,458</u>
	<u><b>\$ 88,781</b></u>	<u><b>88,833</b></u>	<u><b>77,248</b></u>

(i) Debt investments at fair value through other comprehensive income

The Group has made an assessment that the debt investment were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. Therefore, they have been classified as financial assets at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategy and not for trading purposes.

There were no disposals of strategic investments, nor were there any transfers of any cumulative gain or loss within equity relating to these investments in the six months ended June 30, 2025 and 2024.

(iii) The investee company, Winsheng Material Technology Co., Ltd. (Winsheng Material), which was recognized as non-current financial assets at fair value through other comprehensive income, issued new shares for cash in the fourth quarter of 2024. The Group purchased newly issued shares of Winsheng Material amounting to \$11,591, leading to an increase of the Group's shareholding in Winsheng Material from 1,400 thousand shares to 1,690 thousand shares.

(iv) For credit risk and market risk, please refer to note (6)(s).

(v) As of June 30, 2025, December 31 and June 30, 2024, the Group did not provide any financial assets at fair value through other comprehensive income as collateral for its loans.

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Notes and accounts receivable

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Notes receivable	\$ 240,314	277,541	234,158
Accounts receivable-measured as amortized cost	13,375,796	15,743,150	14,092,518
Accounts receivable-fair value through other comprehensive income	<u>2,729,201</u>	<u>1,874,167</u>	<u>2,309,793</u>
	16,345,311	17,894,858	16,636,469
Less: Loss allowance	<u>(162,790)</u>	<u>(150,242)</u>	<u>(162,600)</u>
	<b><u>\$ 16,182,521</u></b>	<b><u>17,744,616</u></b>	<b><u>16,473,869</u></b>

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by selling financial assets; therefore, such accounts receivable was measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics of the customer's ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The Group's loss allowance of notes and accounts receivable were determined as follows:

(i) The Company

<b>June 30, 2025</b>				
<b>Credit rating</b>	<b>Carrying amount</b>	<b>Expected credit loss rate</b>	<b>Loss allowance</b>	<b>Credit impaired</b>
Listed company (assessed by group)				
Level A	\$ 5,290,567	0.60%	31,528	No
Level B	1,147,841	1.49%	17,150	No
Unlisted company	<u>1,061,556</u>	1.25%	<u>13,252</u>	No
	<b><u>\$ 7,499,964</u></b>		<b><u>61,930</u></b>	
<b>December 31, 2024</b>				
<b>Credit rating</b>	<b>Carrying amount</b>	<b>Expected credit loss rate</b>	<b>Loss allowance</b>	<b>Credit impaired</b>
Listed company (assessed by group)				
Level A	\$ 6,554,204	0.53%	34,698	No
Level B	1,043,616	1.08%	11,296	No
Unlisted company	<u>1,049,858</u>	1.13%	<u>11,872</u>	No
	<b><u>\$ 8,647,678</u></b>		<b><u>57,866</u></b>	

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Credit rating</b>	<b>June 30, 2024</b>			
	<b>Carrying amount</b>	<b>Expected credit loss rate</b>	<b>Loss allowance</b>	<b>Credit impaired</b>
Listed company (assessed by group)				
Level A	\$ 5,285,646	0.56%	29,368	No
Level B	920,780	1.21%	11,161	No
Unlisted company	<u>2,325,136</u>	1.11%	<u>25,903</u>	No
	<u><b>\$ 8,531,562</b></u>		<u><b>66,432</b></u>	

The aging analysis of the Company's notes and accounts receivable was determined as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Not past due	\$ 7,467,981	8,623,763	8,531,562
Overdue 90 days or less	<u>31,983</u>	<u>23,915</u>	<u>-</u>
	<u><b>\$ 7,499,964</b></u>	<u><b>8,647,678</b></u>	<u><b>8,531,562</b></u>

(ii) Subsidiaries

	<b>June 30, 2025</b>		
	<b>Carrying amount</b>	<b>Expected credit loss rate</b>	<b>Loss allowance</b>
Not past due	\$ 8,130,333	0.05%	4,304
Overdue 90 days or less	650,645	5.84%	38,029
Overdue 91 to 180 days	6,996	16.50%	1,154
Overdue 181 days or more	<u>57,373</u>	100%	<u>57,373</u>
	<u><b>\$ 8,845,347</b></u>		<u><b>100,860</b></u>

  

	<b>December 31, 2024</b>		
	<b>Carrying amount</b>	<b>Expected credit loss rate</b>	<b>Loss allowance</b>
Not past due	\$ 8,587,059	0.02%	1,545
Overdue 90 days or less	593,844	4.51%	26,759
Overdue 91 to 180 days	7,395	70.18%	5,190
Overdue 181 days or more	<u>58,882</u>	100%	<u>58,882</u>
	<u><b>\$ 9,247,180</b></u>		<u><b>92,376</b></u>

(Continued)



**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>June 30, 2024</b>		
	<b>Carrying amount</b>	<b>Expected credit loss rate</b>	<b>Loss allowance</b>
Not past due	\$ 7,640,280	0.06%	4,430
Overdue 90 days or less	400,424	8.55%	34,228
Overdue 91 to 180 days	19,245	65.22%	12,552
Overdue 181 days or more	44,958	100%	44,958
	<b>\$ 8,104,907</b>		<b>96,168</b>

For the six months ended June 30, 2025 and 2024, the movements in the allowance for notes and accounts receivable of the Group were as follows:

	<b>For the six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 150,242	143,963
Impairment losses recognized	24,540	13,408
Effect of changes in foreign exchange rates	(11,820)	5,229
Others	(172)	-
Balance at June 30	<b>\$ 162,790</b>	<b>162,600</b>

The Group entered into accounts receivable factoring agreements with banks. According to the factoring agreement, the Group does not bear the loss if the account debtor does not have the ability to make payments upon the transfer of the accounts receivable factoring. The Group has not provided other guarantees except for the promissory notes, which have the same amount with the factoring, used as the guarantee for the sales return and discount. The Group received the proceeds from the discounted accounts receivable determined by agreements on the selling date. Interest is calculated and paid based on the duration and interest rate of the agreement, and the remaining amounts are received when the accounts receivable are paid by the customers. In addition, the Group has to pay a service charge based on a certain rate.

The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement by them. The amounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those accounts receivable.

As of June 30, 2025, December 31 and June 30, 2024, the information of accounts receivable sold without recourse was as follows:

	<b>June 30, 2025</b>					
<b>Purchaser</b>	<b>Amount Derecognized</b>	<b>Amount Paid</b>	<b>Advanced Unpaid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Significant Transferring Terms</b>
Financial institutions	\$ 5,931,695	5,356,774	-	574,921	2.70%~5.66%	None

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

December 31, 2024						
Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	\$ 5,158,647	4,668,628	-	490,019	5.29%~6.68%	None

  

June 30, 2024						
Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	\$ 4,348,051	3,919,265	-	428,786	6.05%~6.68%	None

As of June 30, 2025, December 31 and June 30, 2024, the Group did not provide any receivables as collaterals for its loans.

Please refer to note (6)(s) for further credit risk information.

(e) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Merchandise inventories	\$ 16,722,623	18,231,684	17,349,362
Goods in transit	962,720	2,292,948	1,050,291
	<u>\$ 17,685,343</u>	<u>20,524,632</u>	<u>18,399,653</u>

The details of the cost of sales were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Inventory that has been sold	\$ 27,845,858	21,096,364	\$ 52,272,002	38,442,101
Inventory valuation loss and obsolescence	153,779	2,857	160,751	51,780
Loss on disposal of inventory	-	8,917	3	9,385
Others	10	-	10	-
	<u>\$ 27,999,647</u>	<u>21,108,138</u>	<u>\$ 52,432,766</u>	<u>38,503,266</u>

As of June 30, 2025, December 31 and June 30, 2024, the Group did not provide any inventories as collaterals for its loans.

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Property, plant and equipment

	<b>Land</b>	<b>Buildings and construction</b>	<b>Transportation equipment</b>	<b>Machinery equipment</b>	<b>Office and other facilities equipment</b>	<b>Total</b>
<b>Carrying amounts:</b>						
Balance on January 1, 2025	\$ 77,377	26,612	14,431	21,461	13,341	153,222
Balance on June 30, 2025	\$ 77,377	26,181	12,311	17,966	14,480	148,315
Balance on January 1, 2024	\$ 77,377	27,476	7,555	20,109	14,231	146,748
Balance on June 30, 2024	\$ 77,377	27,045	10,214	20,539	14,953	150,128

The Group's property, plant and equipment have no significant additions, disposals, impairments or reversals during the six months ended June 30, 2025 and 2024. Information on depreciation for the period is disclosed in note (12)(a). For other related information, please refer to note (6)(f) of the 2024 annual consolidated financial statements.

(g) Right-of-use assets

	<b>Buildings</b>	<b>Transportation equipment</b>	<b>Total</b>
<b>Carrying amount:</b>			
Balance on January 1, 2025	\$ 275,972	6,216	282,188
Balance on June 30, 2025	\$ 213,273	5,087	218,360
Balance on January 1, 2024	\$ 281,328	4,892	286,220
Balance on June 30, 2024	\$ 221,827	6,950	228,777

There were no significant additions, disposal, or recognition and reversal of impairment losses of buildings and transportation equipments that are held as right-of-use assets during the six months ended June 30, 2025 and 2024. Please refer to note (6)(g) of the 2024 annual consolidated financial statements for other related information.

(h) Short-term borrowings

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Unsecured loans	\$ 14,454,214	16,152,771	16,853,244
Short-term notes and bills payable, net	1,168,169	1,187,982	1,108,290
	<b>\$ 15,622,383</b>	<b>17,340,753</b>	<b>17,961,534</b>
Unused short-term credit lines	\$ 7,717,869	5,332,270	3,569,632
Range of interest rates	<u>1.88%~5.51%</u>	<u>1.88%~6.49%</u>	<u>1.78%~6.67%</u>

(i) Issuance and repayment of borrowings

The Group's incremental amounts in loans for the six months ended June 30, 2025 and 2024 were \$17,926,936 and \$18,728,815, respectively, with maturities from July to December, 2025 and from July to December, 2024, respectively; and the repayments were \$19,645,306 and \$15,469,354, respectively.

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (ii) For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(s).
- (iii) Supplier finance arrangements

The Group participates in a supplier finance arrangement. Under the arrangement, the bank agrees to pay amounts due to participating suppliers in respect of invoices owed by the Group and the Group repays the bank at a later date. The principal purpose of this arrangement is to facilitate efficient payment process.

The Group has derecognized the original accounts payable related to the arrangement, as a legal release obtained pursuant to the non-recourse clause and the extension of payment terms. These liabilities were reclassified as unsecured loans under short-term borrowings. As of June 30, 2025 the aforementioned supplier financing arrangement was classified as a current liability under short-term borrowings.

	<b>June 30, 2025</b>
Accounts payable of which suppliers have received payment from the bank	\$ 824,375
Range of payment due dates	
Accounts payables	60 days after invoice date
Short-term borrowings—supplier financing arrangement	within 180 days from invoice date

**Non-cash changes**

There were no significant non-cash changes in the carrying amount of financial liabilities subject to supplier finance arrangements.

The payments to the bank are included within financing cash flows. For the six months ended June 30, 2025, the payments of \$824,375, made by the bank to the Group's supplier were deemed as non-cash transactions.

There were no supplier financing arrangement for the six months ended June 30, 2024. For additional information about how these arrangements affect the Group's exposure to liquidity risk, please refer to note (6)(t).

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
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(i) Convertible bonds payable

(i) Non-guaranteed convertible bonds:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Aggregate principal amount	\$ 4,500,000	4,500,000	2,000,000
Bond discount	(260,123)	(296,407)	(52,610)
Cumulative repurchased amount	(4,700)	(1,700)	(1,700)
Cumulative converted amount	<u>(1,546,500)</u>	<u>(1,401,800)</u>	<u>(768,500)</u>
	2,688,677	2,800,093	1,177,190
Less: Convertible bonds payable – could be repaid with one year	<u>436,090</u>	<u>575,289</u>	<u>1,177,190</u>
Bonds payable at end of period	<u><u>\$ 2,252,587</u></u>	<u><u>2,224,804</u></u>	<u><u>-</u></u>
Embedded derivative – put and call options			
Included in current financial liabilities at fair value through profit or loss	<u><u>\$ 224</u></u>	<u><u>1,014</u></u>	<u><u>2,583</u></u>
Included in non-current financial assets at fair value through profit or loss	<u><u>\$ 25,000</u></u>	<u><u>29,000</u></u>	<u><u>-</u></u>
Equity component – conversion options (included in capital surplus – conversion options)	<u><u>\$ 284,883</u></u>	<u><u>293,325</u></u>	<u><u>70,292</u></u>

- (ii) There were no issuances and repayments of bonds payable for the six months ended June 30, 2025 and 2024. Please refer to note (6)(i) to the 2024 annual consolidated financial statements for the related information.
- (iii) The effective interest rate of the sixth convertible bonds was 1.51%. The interest expenses on convertible bonds for the three months and six months ended June 30, 2025 and 2024, were \$1,802, \$6,631, \$3,926 and \$13,250, respectively.
- (iv) As the sixth convertible bonds have issued for three years, the bondholders may request the Company to repurchase the bonds. Therefore, based on the conservative principles, the sixth convertible bonds were recognized as current liabilities since June 1, 2024. However, it does not indicate that the Company would repay all the liabilities within a year.
- (v) The effective interest rate of the seventh convertible bond was 2.52%. The interest expense on convertible bonds for the three months and six months ended June 30, 2025 were \$13,891 and \$27,783, respectively.
- (vi) The net gain or loss on the recognition of financial assets and liabilities for the three months and six months ended June 30, 2025 and 2024, amounted to a gain of \$1,731, \$3,075, \$4,604 and \$8,658, respectively.

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
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(vii) The Company paid the amount of \$3,045 to repurchase the convertible bonds, with a face value of \$3,000 on June 2, 2025, resulting in a gain of \$143 and a decrease in capital surplus of \$274.

(j) Lease liabilities

The details of Group's lease liabilities were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Current	\$ <u>113,793</u>	<u>135,948</u>	<u>118,654</u>
Non-current	\$ <u>109,286</u>	<u>153,589</u>	<u>116,601</u>

For the maturity analysis, please refer to note (6)(s) of financial instruments.

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest expenses on lease liabilities	\$ <u>2,369</u>	<u>1,614</u>	<u>5,153</u>	<u>3,499</u>
Expenses relating to short-term leases	\$ <u>1,058</u>	<u>1,395</u>	<u>2,243</u>	<u>2,787</u>

The amounts recognized in the consolidated statements of cash flows were as follows:

	For the six months ended June 30,	
	2025	2024
Total cash outflow for leases	\$ <u>82,682</u>	<u>89,078</u>

(i) Real estate leases

The Group leases buildings for its office space, warehouses and dormitories. The leases of office space typically run for a period of 1 to 6 years, of warehouses for 1 to 3 years, and of dormitories for 1 to 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of office buildings contain extension or cancellation options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. When the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period will not be included within lease liabilities.

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
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(ii) Other leases

The Group leases transportation equipment typically run for a period of 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group leases office space, dormitories, transportation equipment and parking space with lease terms of one year. Since these leases are short term, the Group elected not to recognize its right-of-use assets and lease liabilities for these leases.

(k) Operating lease — as lessor

There were no significant leases contracts for the six months ended June 30, 2025 and 2024. Please refer to note (6)(k) of the 2024 annual consolidated financial statements for other related information.

(l) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material onetime events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to retirement.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Operating expenses	\$ <u>187</u>	<u>265</u>	<u>374</u>	<u>531</u>

(ii) Defined contribution plans

The Company and WKZ allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company and WKZ allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and WKZ expenses for the pension plan contributions to the Bureau of Labor Insurance amounted to \$6,300, \$6,081, \$12,570 and \$12,253 for the three months and six months ended June 30, 2025 and 2024, respectively.

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
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Other subsidiaries recognized the pension expense, basic endowment insurance expense, and social welfare expenses amounting to \$21,684, \$20,860, \$44,291 and \$40,696 for the three months and six months ended June 30, 2025 and 2024, respectively.

(m) Income taxes

(i) Income tax expenses

The amounts of income tax for the three months and six months ended June 30, 2025 and 2024 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Current tax expenses	\$ <u>(12,212)</u>	<u>104,127</u>	<u>103,312</u>	<u>150,347</u>

The amounts of income tax recognized in other comprehensive income for the three months and six months ended June 30, 2025 and 2024 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ <u>(190,837)</u>	<u>21,654</u>	<u>(172,452)</u>	<u>84,392</u>

(ii) Income tax assessment

The Company's and WKZ's income tax returns have been examined and approved by the R.O.C. tax authorities until year 2022.

(iii) Global Minimum Tax

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation from January 1, 2025 and is liable for additional current taxes in relation to the Group's operations in Hong Kong and Singapore. This impact has been considered in determining the weighted-average annual income tax rate for the full financial year. The Group recognised a current tax expense of \$0 related to the top-up tax as of June 30, 2025.

(Continued)



**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(n) Capital and other equities

As of June 30, 2025, December 31 and June 30, 2024, the total number of authorized ordinary shares were 600,000 thousand shares, with par value of TWD 10 per share. The total value of authorized ordinary shares amounted to \$6,000,000. As of that date, 479,764 thousand shares, 474,293 thousand shares and 450,776 thousand shares of ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

(i) Common stock

The Company issued 5,471 thousand and 22,705 thousand new ordinary shares, with a par value of NT\$10 per share, amounting to \$54,707 and \$227,049, due to the conversion of convertible bonds in the six months ended June 30, 2025 and 2024, respectively. The relevant statutory registration procedures have been completed.

(ii) Capital surplus

Balances on capital surplus of the Company were as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Additional paid in capital	\$ 2,301,844	2,207,884	1,797,236
Treasury share transactions	37,560	37,662	37,662
Donation from shareholders	712	712	712
Convertible bonds – conversion options	284,883	293,325	70,292
Employee stock options	10,339	-	-
Others	<u>253</u>	<u>253</u>	<u>253</u>
	<b><u>\$ 2,635,591</u></b>	<b><u>2,539,836</u></b>	<b><u>1,906,155</u></b>

For the six months ended June 30, 2025 and 2024, the capital surplus deriving from those convertible bonds, which were converted to common stock, amounted to \$85,690 and \$380,030, respectively (including the capital surplus-conversion options transferred to the capital surplus additional paid-in capital of \$8,270 and \$36,077, respectively).

In accordance with the Company Act, realized capital surplus can be utilized for issuing new shares or be distributed as cash dividends only after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be utilized for issuing new shares shall not exceed 10 percent of paid-in capital every year. Capital surplus increased by transferring from paid-in capital in excess of par value shall not be capitalized until the next fiscal year after the competent authority for company registrations approves registration of the capital increase.

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Retained earnings

The Company's Article of Incorporation stipulate that the Company's earnings should first be estimated and retained to cover taxable contributions, losses, legal reserve, special reserve, or reversal of special reserve, and the remaining balance should be the distributable earnings for the current year; the Board of Directors may prepare a proposal for the distribution of earnings by combining the unappropriated earnings of the previous year. In accordance with the Company Act, if the distribution of earnings or reserves is to be made through the issuance of new shares, the Board of Directors shall prepare a proposal and submit it to the shareholders' meeting for resolution; if the distribution is to be made through the issuance of cash, the Board of Directors is authorized to report to the shareholders' meeting with the attendance of at least two-thirds of the directors and the resolution of a majority of the directors present. The Board of Directors shall determine the proportion of stock dividends and cash dividends to be distributed among the stockholders' dividends with reference to the Company's corporate profitability, future capital expenditure plans, expansion plans, capital planning, cash flow requirements, laws and regulations, and the degree of dilution of earnings per share, and shall prepare a resolution on the appropriation of earnings for submission to the shareholders' meeting for resolution, and the amount to be distributed shall be no less than 50 % of the Company's distributable earnings for the current year, and with the amount proposed to be distributed in cash dividends to be no less than 20% of the total amount of the dividends to be distributed to the shareholders.

1) Earnings distribution

The amounts for cash dividends of the Company's earnings distribution for 2024 and 2023 decided by the meetings of directors held on March 6, 2025 and April 18, 2024 were as follows:

	<b>2024</b>		<b>2023</b>	
	<b>Amount per share (in dollars)</b>	<b>Total amount</b>	<b>Amount per share (in dollars)</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 2.08421000	<u><b>1,000,000</b></u>	1.89489000	<u><b>870,000</b></u>

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(o) Share-based payment

Employee stock options

Based on the resolution made by the Board of Directors on May 6, 2024 and the issuance rules of employee stock options reported on the annual shareholders' meeting held on June 20, 2024, the Company will issue a total of 10,000 units employee stock options, with each unit having the right to subscribe 1,000 shares of the Company's ordinary shares, and was reported to the Securities and Futures Bureau of the Financial Supervisory Commission on December 3, 2024. In light of the above matter, the Company proposes to either issue the options at once or several times, depending on the actual demand, within two years from the date of the effective notification obtained from the authorities, with the actual date of issuance to be determined by the Chairman of the Company. The Chairman of the Company has approved the issuance of 8,708 units of employee stock options on April 8, 2025.

Details of the employee stock options are as follows:

(i) Employee stock option plan

	<b>For the six months ended June 30, 2025</b>	
	<b>Weighted average Exercise Price (Dollars)</b>	<b>Number of Options</b>
(in thousand)		
Outstanding at January 1	\$ -	-
Granted during the year	15	<b>8,708</b>
Outstanding at June 30	15	<b>8,708</b>
Exercisable at June 30	15	-

(ii) Exercise Price: The exercise price was 15 dollars.

(iii) Rights Period:

- 1) The duration of the stock options is six years. The stock options and their rights may not be transferred, pledged, gifted, or otherwise disposed of, except in the case of inheritance. Upon expiration of the duration, any unexercised stock options will be deemed forfeited, and the option holders may no longer claim their rights.
- 2) Option holders may exercise their stock options according to the following schedule after two years from the grant date:

<b><u>Vesting Period of Stock Options</u></b>	<b><u>Cumulative Exercisable Percentage</u></b>
After 2 years	40%
After 3 years	60%
After 4 years	80%
After 5 years	100%

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iv) Fulfillment Method: The Company will issue new shares to fulfill the options.
- (v) Exercise Procedure: The Company will handle the capital change registration with the competent authority after the Board of Directors sets the record date for the issuance of new shares at least quarterly, in accordance with the employee stock option issuance and exercise regulations.
- (vi) The expense of the employee stock options amounted to \$10,339 for six months ended June 30, 2025.
- (vii) The Company adopted the Black-Scholes model to compute the fair value of its stock options on the grant date as follow:

Initial exercise price (New Taiwan dollars)	15
Fair value per share of the Company's stock at the measurement date (New Taiwan dollars)	30
Time to maturity	6 years
Expected dividend yield	0%
Expected volatility	27.03%~27.92%
Risk-free interest rate	1.41%~1.47%
Expected life of the option	4~5.5 years
Weighted average fair value(New Taiwan dollars/unit)	16.3~16.9 New Taiwan dollars

(p) Earnings per share

The Group basic earnings per share and diluted earnings per share are calculated as follows:

(i) Basic earnings (loss) per share

1) Profit (Loss) attributable to ordinary shareholders of the Company

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Profit attributable to ordinary shareholders of the Company	<u>\$ (162,108)</u>	<u>361,003</u>	<u>160,640</u>	<u>529,940</u>

2) Weighted-average number of ordinary shares (thousands)

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Weighted-average number of ordinary shares	<u>478,035</u>	<u>428,284</u>	<u>476,329</u>	<u>428,178</u>

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
3)	Basic earnings (loss) per share (TWD)	\$ <u>(0.34)</u>	<u>0.84</u>	<u>0.34</u>	<u>1.24</u>
(ii)	Diluted earnings (loss) per share				
1)	Profit (loss) attributable to ordinary shareholders of the Company (diluted)				
		<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	Profit attributable shareholders of the Company (basic)	\$ (162,108)	361,003	160,640	529,940
	Convertible bonds payable	-	3,514	26,997	4,507
	Profit (loss) attributable to ordinary shareholders of the Company (diluted)	\$ <u>(162,108)</u>	<u>364,517</u>	<u>187,637</u>	<u>534,447</u>
2)	Weighted-average number of ordinary shares (thousands, diluted)				
		<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	Weighted-average number of ordinary shares (basic)	478,035	428,284	476,329	428,178
	Effect of convertible bonds	-	66,730	88,673	66,836
	Employee stock options	-	-	407	-
	Effect of employee stock remuneration	-	1,607	1,845	2,722
	Weighted-average number of ordinary shares (diluted) on June 30	<u>478,035</u>	<u>496,621</u>	<u>567,254</u>	<u>497,736</u>
		<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
3)	Diluted earnings (loss) per share (TWD)	\$ <u>(0.34)</u>	<u>0.73</u>	<u>0.33</u>	<u>1.07</u>

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For three months ended June 30, 2025, due to net losses after tax, the potential ordinary shares didn't have dilutive effect.

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Primary geographical markets:				
Taiwan	\$ 3,599,776	3,085,261	7,173,121	5,848,047
China	23,390,722	18,407,207	44,128,589	33,028,015
Others	1,469,156	1,044,332	2,967,963	2,105,014
	<u>\$ 28,459,654</u>	<u>22,536,800</u>	<u>54,269,673</u>	<u>40,981,076</u>
Major products/services lines				
Chipset/memory components	\$ 15,551,845	10,466,999	29,521,232	19,586,691
Mixed and other components	12,907,276	12,069,319	24,747,794	21,393,391
Others	533	482	647	994
	<u>\$ 28,459,654</u>	<u>22,536,800</u>	<u>54,269,673</u>	<u>40,981,076</u>

(ii) Contract balance

	June 30, 2025	December 31, 2024	June 30, 2024
Notes and accounts receivable (included related parties)	\$ 16,345,311	17,894,858	16,636,469
Less: loss allowance	(162,790)	(150,242)	(162,600)
	<u>\$ 16,182,521</u>	<u>17,744,616</u>	<u>16,473,869</u>
Contract liabilities	<u>\$ 346,379</u>	<u>510,424</u>	<u>1,003,307</u>

For the details on accounts receivable and loss allowance, please refer to note (6)(d).

The amounts of revenue recognized for the six months ended June 30, 2025 and 2024 that were included in the contract liability balance at the beginning of the periods were \$363,223 and \$293,647, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(r) Remuneration to employees and directors

The Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Company Article of Incorporation, if the Company incurs profit for the year, the profit shall first be used to offset against any accumulated deficits. Thereafter, a maximum of 2.5% (in cash) of the remaining net profit shall be allocated as directors' remuneration, and 6% to 10% (in shares or in cash) as employee remuneration, including a minimum of 7% to those entry-level employees. The distribution shall also include those employees of the Company's subsidiaries who meet certain requirements.

Prior to the amendment, the Articles of Incorporation stipulated that, if the Company incurs profit for the year, the profit shall first be used to offset against any accumulated deficits. Thereafter, a maximum of 2.5% (in cash) of the remaining net profit shall be allocated as directors' remuneration, and a minimum of 6% to 10% (in shares or in cash) as employee remuneration, including those employees of the Company's subsidiaries who meet certain requirements.

For the three months and six months ended June 30, 2025 and 2024, the accrued remuneration of the Company's employees were \$(17,306), \$40,182, \$18,938 and \$59,074, as well as directors were \$(4,327), \$10,045, \$4,734 and \$14,768, respectively. These amounts were calculated by using the Company's profit before tax for the period before deducting the amount of the remuneration to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors under the Company's Articles of Incorporation, and expensed under operating expenses. If the Board of Directors resolved to distribute employees' remuneration in the form of shares, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of the Board of Directors.

The accrued remuneration of the Company's employees was \$127,717 and \$91,731, as well as remuneration of directors was \$31,929 and \$22,933 for the years ended December 31, 2024 and 2023, respectively. There were no differences between the distributed amounts and the accrued amounts in the consolidated financial statements. Related information would be available at the Market Observation Post System website.

(s) Financial Instruments

Except for those mentioned below, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk. Please refer to the note (6)(s) of the consolidated financial statements for the year ended December 31, 2024.

(i) Credit risk

For credit risk exposure of notes and accounts receivable, please refer to note (6)(d).

The amount of other financial assets at amortized cost includes other receivables which had been impaired.

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
<b>June 30, 2025</b>				
Non-derivative financial liabilities				
Unsecured loans	\$ 14,454,214	(14,596,907)	(14,596,907)	-
Short-term bills payable	1,168,169	(1,170,000)	(1,170,000)	-
Lease liabilities	223,079	(233,270)	(121,303)	(111,967)
Accounts payable	7,400,155	(7,400,155)	(7,400,155)	-
Other payables	762,854	(762,854)	(762,854)	-
Dividends payable	1,000,000	(1,000,000)	(1,000,000)	-
Bonds payable (including current portion)	2,688,677	(2,948,800)	(448,800)	(2,500,000)
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	25,224	-	-	-
	<u><u>\$ 27,722,372</u></u>	<u><u>(28,111,986)</u></u>	<u><u>(25,500,019)</u></u>	<u><u>(2,611,967)</u></u>
<b>December 31, 2024</b>				
Non-derivative financial liabilities				
Unsecured loans	\$ 16,152,771	(16,338,603)	(16,338,603)	-
Short-term bills payable	1,187,982	(1,190,000)	(1,190,000)	-
Lease liabilities	289,537	(305,040)	(143,930)	(161,110)
Accounts payable	8,276,821	(8,276,821)	(8,276,821)	-
Other payables	951,059	(951,059)	(951,059)	-
Bonds payable (including current portion)	2,800,093	(3,096,500)	(596,500)	(2,500,000)
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	30,014	-	-	-
	<u><u>\$ 29,688,277</u></u>	<u><u>(30,158,023)</u></u>	<u><u>(27,496,913)</u></u>	<u><u>(2,661,110)</u></u>
<b>June 30, 2024</b>				
Non-derivative financial liabilities				
Unsecured loans	\$ 16,853,244	(17,067,747)	(17,067,747)	-
Short-term bills payable	1,108,290	(1,110,000)	(1,110,000)	-
Lease liabilities	235,255	(241,826)	(122,813)	(119,013)
Accounts payable	5,714,419	(5,714,419)	(5,714,419)	-
Other payables and dividends payable	1,711,955	(1,711,955)	(1,711,955)	-
Bonds payable (including current portion)	1,177,190	(1,229,800)	(1,229,800)	-
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	2,583	-	-	-
	<u><u>\$ 26,802,936</u></u>	<u><u>(27,075,747)</u></u>	<u><u>(26,956,734)</u></u>	<u><u>(119,013)</u></u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amount.

(Continued)



**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Market risk

1) Currency risk

The Group's significant financial assets and liabilities exposure to foreign currency risk was as follows:

	June 30, 2025			December 31, 2024			June 30, 2024		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	\$ 377,736	USD/TWD 29.1550	11,012,893	368,072	USD/TWD 32.725	12,045,156	305,578	USD/TWD 32.45	9,916,006
USD	2,820	USD/CNY 7.1937	82,217	6,302	USD/CNY 7.1935	206,233	4,135	USD/CNY 7.1049	134,181
Financial liabilities									
Monetary items									
USD	232,690	USD/TWD 29.155	6,784,077	283,556	USD/TWD 32.725	9,279,370	256,448	USD/TWD 32.45	8,321,738
USD	34,467	USD/CNY 7.1937	1,004,885	11,885	USD/CNY 7.1935	388,937	22,312	USD/CNY 7.1049	724,024

2) Currency risk sensitivity analysis

The Group's monetary items exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A change of 5% in the exchange rate of TWD against foreign currency for the six months ended June 30, 2025 and 2024 would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	For the six months ended June 30,	
	2025	2024
USD (against the TWD)		
Appreciating 5%	\$ 211,441	79,713
Depreciating 5%	(211,441)	(79,713)
USD (against the CNY)		
Appreciating 5%	(46,133)	(29,492)
Depreciating 5%	46,133	29,492

3) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and six months ended June 30, 2025 and 2024, the foreign exchange gain (loss), including both realized and unrealized, amounted to a gain of \$259,297, a loss of \$60,158, a gain of \$263,012 and a loss of \$85,073, respectively.

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	<b>Carrying amount</b>	
	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Variable rate instruments:		
Financial assets	\$ 2,376,051	1,013,690
Financial liabilities	(14,454,214)	(16,853,244)

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25% when reporting to management internally, which also represents the Group's management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Group's net profit before tax would have decreased or increased by \$15,098 and \$19,799 for the six months ended June 30, 2025 and 2024, respectively, which would be mainly resulting from demand deposits, and unsecured loans with variable interest rates.

(iv) Fair value

1) Categories and the fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		June 30, 2025				
		Carrying amount	Fair Value			Total
			Level 1	Level 2	Level 3	
<b>Financial assets mandatorily measured at fair value through profit or loss</b>						
Stocks listed on domestic markets	\$	<u>799</u>	799	-	-	799
<b>Financial assets at fair value through other comprehensive income</b>						
Notes and accounts receivable, net		2,729,201	-	-	-	-
Emerging market stocks		142	142	-	-	142
Domestic and overseas unlisted stocks		79,583	-	-	79,583	79,583
Overseas unlisted convertible promissory note		<u>9,056</u>	-	-	9,056	9,056
Subtotal		<u>2,817,982</u>				
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents		3,381,065	-	-	-	-
Notes and accounts receivable, net		13,453,320	-	-	-	-
Other receivables		585,799	-	-	-	-
Guarantee deposits(recognized under other current assets and other non-current assests)		<u>212,078</u>	-	-	-	-
Subtotal		<u>17,632,262</u>				
	\$	<u><u>20,451,043</u></u>				
<b>Financial liabilities at fair value through profit or loss</b>						
Convertible bonds – embedded derivatives	\$	<u>25,224</u>	-	25,224	-	25,224
<b>Financial liabilities measured at amortized cost</b>						
Short term borrowings		15,622,383	-	-	-	-
Lease liabilities		223,079	-	-	-	-
Accounts payable		7,400,155	-	-	-	-
Other payables		762,854	-	-	-	-
Dividends payable		1,000,000	-	-	-	-
Bonds payable (including current portion)		<u>2,688,677</u>	-	2,693,502	-	2,693,502
Subtotal		<u>27,697,148</u>				
	\$	<u><u>27,722,372</u></u>				

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		December 31, 2024			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets mandatorily measured at fair value through profit or loss</b>					
Stocks listed on domestic markets	\$ 799	799	-	-	799
<b>Financial assets at fair value through other comprehensive income</b>					
Notes and accounts receivable, net	1,874,167	-	-	-	-
Emerging market stocks	194	194	-	-	194
Domestic and overseas unlisted stocks	79,583	-	-	79,583	79,583
Overseas unlisted convertible promissory note	9,056	-	-	9,056	9,056
Subtotal	<u>1,963,000</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	2,985,318	-	-	-	-
Notes and accounts receivable, net	15,870,449	-	-	-	-
Other receivables	527,514	-	-	-	-
Guarantee deposits(recognized under other current assets and other non-current assests)	136,320	-	-	-	-
Subtotal	<u>19,519,601</u>				
	<u><b>\$ 21,483,400</b></u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Convertible bonds – embedded derivatives	\$ 30,014	-	30,014	-	30,014
<b>Financial liabilities measured at amortized cost</b>					
Short term borrowings	17,340,753	-	-	-	-
Lease liabilities	289,537	-	-	-	-
Accounts payable	8,276,821	-	-	-	-
Other payables	951,059	-	-	-	-
Bonds payable (including current portion)	2,800,093	-	2,777,522	-	2,777,522
Subtotal	<u>29,658,263</u>				
	<u><b>\$ 29,688,277</b></u>				

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	June 30, 2024				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets mandatorily measured at fair value through profit or loss</b>					
Stocks listed on domestic markets	\$ 835	835	-	-	835
<b>Financial assets at fair value through other comprehensive income</b>					
Notes and accounts receivable, net	2,309,793	-	-	-	-
Emerging market stocks	200	200	-	-	200
Domestic and overseas unlisted stocks	67,992	-	-	67,992	67,992
Overseas unlisted convertible promissory note	9,056	-	-	9,056	9,056
Subtotal	<u>2,387,041</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	1,495,483	-	-	-	-
Notes and accounts receivable, net	14,164,076	-	-	-	-
Other receivables	442,478	-	-	-	-
Guarantee deposits(recognized under other current assets and other non-current assests)	240,151	-	-	-	-
Subtotal	<u>16,342,188</u>				
	<u><b>\$ 18,730,064</b></u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Convertible bonds – embedded derivatives	\$ 2,583	-	2,583	-	2,583
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	17,961,534	-	-	-	-
Lease liabilities	235,255	-	-	-	-
Accounts payable	5,714,419	-	-	-	-
Other payables and dividends payable	1,711,955	-	-	-	-
Bonds payable (including current portion)	1,177,190	-	1,135,720	-	1,135,720
Subtotal	<u>26,800,353</u>				
	<u><b>\$ 26,802,936</b></u>				

There were no transfers of financial instruments between any levels during the six months ended June 30, 2025 and 2024.

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

If the financial instrument has a public quoted price in an active market, the public quoted price will be determined as the fair value. The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its counterparts. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The Group holds the unquoted equity investments and debt instruments that do not have an active market. The fair value of unquoted equity instruments and debt instruments is estimated using the guideline company method. The main assumptions of the method are based on the guideline company's price to sales ratio, price to net worth ratio, and the discount for lack of market liquidity. The estimation has been adjusted by the effect resulting from the discount of the lack of market liquidity of the equity securities and debt investments.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Reconciliations of Level 3 fair values

	<b>Fair value through other comprehensive income</b>		
	<b>Unquoted equity instruments</b>	<b>Unquoted debt investments</b>	<b>Total</b>
Ending balance, June 30, 2025 (the same as the ending balance at January 1, 2025)	\$ <b>79,583</b>	<b>9,056</b>	<b>88,639</b>
Ending balance, June 30, 2024 (the same as the ending balance at January 1, 2024)	\$ <b>67,992</b>	<b>9,056</b>	<b>77,048</b>

5) Quantified information of significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value are classified as financial assets at fair value through other comprehensive income (including investments in equity securities and debt instruments).

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationships between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through other comprehensive income	Guideline Company method	<ul style="list-style-type: none"> <li>Price-book ratio as of June 30, 2025, December 31 and June 30, 2024 were 1.43~1.54, 1.54~1.91 and 1.13~2.92, respectively.</li> <li>Market liquidity discount rate as of June 30, 2025, December 31 and June 30, 2024 were 15.60%, 15.60% and 15.70%, respectively.</li> </ul>	<ul style="list-style-type: none"> <li>The higher the price-book ratio, the higher the fair value</li> <li>The higher the market liquidity discount rate, the lower the fair value</li> </ul>
Financial assets at fair value through other comprehensive income	Net Asset Value Method	<ul style="list-style-type: none"> <li>Net asset value</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(t) Financial risk management

There was no significant changes in the Group's financial risk management and policies as disclosed in the note (6)(t) of the consolidated financial statements for the year ended December 31, 2024.

The Group participates in a supplier finance arrangement with the principal purpose of facilitating efficient payment processing of supplier invoices. The arrangement allows the Group to centralise payments of trade payables to the bank rather than paying each supplier individually.

(u) Capital management

The Group's objectives, policies and processes of capital management are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2024. In addition, there were no significant differences between the summary quantitative data of the items of capital management in the consolidated financial statements and those disclosed in the consolidated financial statements for the year ended December 31, 2024. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2024 for further details.

(v) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the six months ended June 30, 2025 and 2024, were as follows:

(i) For the acquisition of right-of-use assets from leases, please refer to note (6)(g).

(ii) The reconciliations of liabilities arising from financing activities were as follows:

	<b>Non-cash changes</b>					
	<b>January 1, 2025</b>	<b>Cash flows</b>	<b>Acquisition</b>	<b>Reduction</b>	<b>Foreign exchange movement</b>	<b>June 30, 2025</b>
Short-term borrowings	\$ 17,340,753	(2,542,745)	824,375	-	-	15,622,383
Deposits received	193	-	-	-	-	193
Lease liabilities	289,537	(75,286)	28,219	-	(19,391)	223,079
Bonds payable	<u>2,800,093</u>	<u>(3,045)</u>	<u>-</u>	<u>(108,371)</u>	<u>-</u>	<u>2,688,677</u>
Total liabilities from financing activities	<b><u>\$ 20,430,576</u></b>	<b><u>(2,621,076)</u></b>	<b><u>852,594</u></b>	<b><u>(108,371)</u></b>	<b><u>(19,391)</u></b>	<b><u>18,534,332</u></b>

  

	<b>Non-cash changes</b>					
	<b>January 1, 2024</b>	<b>Cash flows</b>	<b>Acquisition</b>	<b>Reduction</b>	<b>Foreign exchange movement</b>	<b>June 30, 2024</b>
Short-term borrowings	\$ 14,702,073	3,259,461	-	-	-	17,961,534
Deposits received	193	-	-	-	-	193
Lease liabilities	297,171	(82,792)	22,693	(10,519)	8,702	235,255
Bonds payable	<u>1,768,116</u>	<u>-</u>	<u>-</u>	<u>(590,926)</u>	<u>-</u>	<u>1,177,190</u>
Total liabilities from financing activities	<b><u>\$ 16,767,553</u></b>	<b><u>3,176,669</u></b>	<b><u>22,693</u></b>	<b><u>(601,445)</u></b>	<b><u>8,702</u></b>	<b><u>19,374,172</u></b>

(Continued)



**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(7) Related-party transactions**

(a) Name of related parties and their relationships with related parties

The following are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Related-party</u>	<u>Relationship</u>
Weiji Investment Co., Ltd.	The same chairman
Genlog Industrial Co., Ltd.(Note 1)	Substantial related-party

Note 1: Guangluo Industrial Co., Ltd. completed its liquidation process on September 27, 2024

(b) Significant transactions with related parties

(i) Consultancy fees from related Parties

Other related parties were commissioned to provide consulting services to the Group. The amounts were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Other related parties	\$ <u>50</u>	<u>50</u>	<u>100</u>	<u>100</u>

(ii) Lease

The Group leased a portion of its building to its subsidiaries and related parties for office use purpose. The rentals collected monthly. The details were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Other related parties	\$ <u>43</u>	<u>44</u>	<u>86</u>	<u>90</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 20,640	51,679	77,417	89,705
Post-employment benefits	190	171	380	343
	<u>\$ 20,830</u>	<u>51,850</u>	<u>77,797</u>	<u>90,048</u>

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Assets Pledged as security: None.**

**(9) Significant commitments and contingencies:**

The balances of L/Cs for deferred payment of import value added tax and the purchase of merchandise were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
\$	<u>365,705</u>	<u>404,975</u>	<u>401,950</u>

**(10) Losses due to major disasters: None.**

**(11) Subsequent events: None.**

**(12) Other:**

(a) A summary of employee benefits, depreciation and amortization by function, is as follows:

		<b>For the three months ended June 30,</b>	
		<b>2025</b>	<b>2024</b>
<b>By item</b>	<b>By function</b>	<b>Operating expenses</b>	<b>Operating expenses</b>
Employee benefits			
Salary		315,343	335,771
Labor and health insurance		29,182	27,869
Pension		28,171	27,206
Remuneration of directors		(2,513)	10,771
Others		18,218	20,013
Depreciation		42,532	43,496
Amortization		2,162	2,052

		<b>For the six months ended June 30,</b>	
		<b>2025</b>	<b>2024</b>
<b>By item</b>	<b>By function</b>	<b>Operating expenses</b>	<b>Operating expenses</b>
Employee benefits			
Salary		674,795	648,149
Labor and health insurance		61,663	57,975
Pension		57,235	53,480
Remuneration of directors		13,008	15,494
Others		35,284	37,720
Depreciation		85,581	86,498
Amortization		4,360	4,017

(b) Seasonality of operations:

The Group's operation were not affected by seasonality or cyclically factors.

(Continued)

## WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures items:

##### (a) Information on significant transaction:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2025:

##### (i) Lending to other parties:

(In thousands of new Taiwan dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	WKI	Other receivable	Y	1,000,000	1,000,000	845,495	5.50%	Short-term financing	-	Operating demand	-		-	1,907,210	3,814,420	Note 3

Note 1 : The total amount of funds loaned to others by the Company shall not exceed 40% of the net worth of the Company's latest financial statement.

Note 2 : When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 20% of the net worth of the Company's latest financial statement.

Note 3 : The transaction had been eliminated in the consolidated financial statements.

##### (ii) Guarantees and endorsements for other parties:

(In thousands of new Taiwan dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary (note 2)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company (note 2)	Endorsements/ guarantees to third parties on behalf of companies in Mainland China (note 2)
		Name	Relationship with the Company										
0	The Company	WKI	100% owned subsidiary	14,304,077	9,939,130	8,618,667	7,225,259	-	90.38 %	28,608,153	Y	N	N
"	"	WTP	100% owned subsidiary	14,304,077	1,274,350	1,122,467	173,760	-	11.77 %	28,608,153	Y	N	N
"	"	WKS	100% owned subsidiary	14,304,077	2,576,988	2,516,776	1,835,630	-	26.39 %	28,608,153	Y	N	Y

Note 1 : The total amount of the guarantee provided by the Company shall not exceed three hundred percent (300%) of the higher amount between the Company's capital amount and net worth. However, for any individual entity whose voting shares are 50% or more owned, directly or indirectly, by the Company shall not exceed fifty percent (50%) of the maximum amount for guarantee on recent audited or reviewed financial statements.

Note 2 : For those entities as the guarantor to the subsidiary, subsidiary as the guarantor to the company, or the guarantor that located in China, were filled in "Y".

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**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iii) Securities held as of June 30, 2025 (excluding investment in subsidiaries, associates and joint ventures):

(Shares/units (thousands))

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	EBM Technologies Inc.	-	Current financial assets mandatorily measured at fair value through profit or loss	34	799	- %	799	
"	Clientron Corp.	-	Non-current financial assets at fair value through other comprehensive income	15	142	0.02 %	142	
"	Paradigm I Venture Capital Company (Paradigm I)	-	"	750	7,458	6.79 %	7,458	
"	Paradigm Venture Capital Corporation (PVC Corp.)	-	"	230	2,301	10.49 %	2,301	
"	InnoBridge Venture Fund I, L.P. (InnoBridge)	-	"	-	-	9.90 %	-	
"	Shin Kong Global Venture Capital Corp. (SKGVC)	-	"	720	7,200	12.00 %	7,200	
"	Vision Wide Technology Co., Ltd. (VTEC)	-	"	800	9,033	1.57 %	9,033	
"	Winsheng Material Technology Co., Ltd. (Winsheng Material)	-	"	1,690	53,591	5.08 %	53,591	
"	SiTune Corporation Convertible Promissory Note (SiTune)	-	"	-	9,056	- %	9,056	

- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In thousands)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (Sales)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	WKI	100% owned subsidiary	(Sales)	(142,544) (USD(4,454))	(0.58)%	OA30	No significant difference with other customers	No significant difference with other customers	108,337 (USD3,716)	1.43 %	
The Company	WKI	"	Purchases	198,304 (USD6,158)	0.89 %	OA30	No significant difference with other suppliers	No significant difference with other suppliers	(1,766) (USD(61))	(0.05) %	
WKI	The Company	Parent company	Purchases	142,544 (USD4,454)	0.62 %	"	No significant difference with other suppliers	No significant difference with other suppliers	(108,337) (USD(3,716))	(4.47) %	
WKI	The Company	Parent company	(Sales)	(198,304) (USD(6,158))	(0.80)%	"	No significant difference with other customers	No significant difference with other customers	1,766 (USD(61))	0.03 %	
WKI	WKS	Subsidiary	(Sales)	(2,750,409) (USD(86,265))	(11.26)%	OA60	No significant difference with other customers	No significant difference with other customers	1,003,088 (USD34,405)	14.83 %	
WKS	WKI	Parent company	Purchases	2,750,409 (USD86,265)	32.43 %	"	No significant difference with other suppliers	No significant difference with other suppliers	(1,003,088) (USD(34,405))	(42.50) %	

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (v) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In thousands)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	WKI	100% owned subsidiary	Accounts receivable 108,337 (USD3,716)	3.94	-	-	USD657	-	The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.
The Company	WKI	100% owned subsidiary	Other receivable 1,107,845 (USD37,998)	Note 2	-	-	USD449	-	"
WKI	WKS	Subsidiary	Accounts receivable 1,003,088 (USD34,405)	8.23	-	-	USD7,465	-	"

Note1: Information as of July 31, 2025.

Note 2: Other receivables arising from lending fund and credit and service management revenue received from subsidiaries.

- (vi) Business relationships and significant intercompany transactions:

(In thousands)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	WKI	1	Sales Revenue	142,544	The price is marked up based on operating cost, and the receivables depend on OA30 after offsetting the accounts payable.	0.26%
"	"	"	"	Accounts Receivable	108,337	"	0.28%
"	"	"	"	Management and Credit Service Revenue	247,123	The price is set by percentage of the contract, OA30.	0.46%
"	"	"	"	Other Receivable	1,107,845	The price is set by percentage of the contract, OA30.	2.82%
1	WKI	The Company	2	Sales Revenue	198,304	The price is marked up based on operating cost, and the receivables depend on OA30 after offsetting the accounts payable.	0.37%
"	WKI	WKS	3	Sales Revenue	2,750,409	The price is market up based on operating cost, and the receivable depend on funding demand and OA60.	5.07%
"	"	"	"	Accounts Receivable	1,003,088	"	2.56%

Note 1: The numbers filled in as follows:

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

- 1 represents the transactions from the parent company to its subsidiaries.
- 2 represents the transactions from the subsidiaries to the parent company.

(Continued)

## WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

3 represents the transactions between subsidiaries.

(b) Information on investments:

The following are the information on investees for the six months ended June 30, 2025 (excluding information on investments in Mainland China):

(In thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest			Net income (losses) of investee	Investment income (losses) of investor	Note
				June 30, 2025	December 31, 2024	Shares (In Thousands)	Percentage of Ownership	Carrying amount			
The Company	WKI	Hong Kong	Electronic components computer peripherals products distribution and technical support	\$ 1,620,445	1,620,445	552,450	100%	\$ 6,631,453	88,007	88,007	Subsidiary
"	WKZ	Taiwan	Electronic components and technical support	12,983	12,983	1,589	100%	28,383	578	578	"
"	WTP	Singapore	"	293,327	293,327	12,413	100%	429,325	(1,988)	(1,988)	"
	Total			<u>\$ 1,926,755</u>	<u>1,926,755</u>			<u>\$ 7,089,161</u>		<u>\$ 86,597</u>	
WKI	Weitech	Hong Kong	Import and export trade of electronic components	0.41 (HKD0.1)	0.41 (HKD0.1)	-	100%	3,122 (USD107)	140 (USD4)	140 (USD4)	"

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2025	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses) of investor (Note 2)	Book value (Note 3)	Accumulated remittance of earnings in current period
					Outflow (Note 3)	Inflow						
WKS	Electronic components computer peripherals products distribution and technical support	786,647 (USD25,000)	Note 1, 4	304,594 (USD9,800)	-	-	304,594 (USD9,800)	(108,645) (USD(3,408))	100%	(108,645) (USD(3,408))	422,830 (USD14,503)	-
SiU	Electronic technology development and technical advisory	5,067 (CNY1,000)	Note 1, 5	-	-	-	-	(3,600) (USD(113))	100%	(3,600) (USD(113))	3,538 (USD121)	-

(ii) Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA (note 3)	Upper Limit on Investment
304,594 (USD9,800)	728,875 (USD25,000)	5,721,631

Note 1: Investment in Mainland China was through a company in the third area.

Note 2: The investment gains and losses of the current period are recognized according to the financial statements, which have been reviewed by the Company's independent auditors, and were translated into New Taiwan Dollars at the average exchange rates.

Note 3: The currency was translated into New Taiwan Dollars at the exchange rate of USD 1 to TWD 29.155 at the end of reporting period.

Note 4: The difference was due to Weikeng International Co. Ltd.'s investment of USD15,200 thousand on Weikeng International (Shanghai) Co. Ltd. using its own funds.

Note 5: The difference was due to Weikeng International (Shanghai) Co. Ltd.'s investment of CNY1,000 thousand on SiUltra Electronic Technology (Shanghai) Co., Ltd. using its own funds.

(Continued)

**WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Significant transactions:

Please refer to Information on significant transactions for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China for the six months ended June 30, 2025.

**(14) Segment information:**

The Group has only one operating segment, which is the electronic components segment, of which, the major activities are the purchase and sales of electronic components and computer peripherals, technical service, as well as the import/export trade business. The Group's details and reconciliations of operating segment are consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income and the consolidated balance sheets for the segment profit and assets, respectively.