

# **BES Engineering Corporation**

**Parent Company Only Financial Statements for the  
Years Ended December 31, 2025 and 2024 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
BES Engineering Corporation

### **Opinion**

We have audited the accompanying parent company only financial statements of BES Engineering Corporation (the "Corporation"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Corporation's parent company only financial statements for the year ended December 31, 2025 are stated as follows:

#### Accuracy of Construction Revenue Recognized

The Corporation operates in the construction industry and is mainly engaged in the construction of roads, bridges, wharfs and multi-story residential buildings and office complexes. The Corporation calculates construction revenue based on the estimated percentage of completion and the total price of the construction project. As estimates are required to be made with reference to documents during the calculation of the percentage of completion of construction, the calculation of the percentage of completion is considered complex. In addition, the Corporation's construction revenue for the year ended December 31, 2025 is material, hence, the accuracy of recognition of construction revenue was deemed as a key audit matter for the year ended December 31, 2025. Refer to Note 4 to the accompanying parent company only financial statements for the relevant accounting policies and Table 1 following the notes to the parent company only financial statements for the financial information of the construction projects.

The main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of and tested the design and operating effectiveness of the internal controls related to the estimation of the percentage of completion and the accuracy of construction revenue recognized.
2. We evaluated and confirmed that the accounting policies on the estimation of the percentage of completion were consistently applied.
3. We performed tests of the details of incomplete construction projects at the end of the year and confirmed the accuracy of construction revenue recognized.
4. We obtained confirmations of approval from the owners after the reporting period and confirmed that no material adjustments were made after the reporting period.

#### Net Realizable Value of Real Estate Inventory

The Corporation is mainly engaged in the construction of buildings and transacting of real estate. As stated in Note 12, the carrying amount of buildings and land held for sale is material in the parent company only balance sheets as of December 31, 2025. Since real estate inventory is stated at the lower of cost and net realizable value, and the net realizable value of real estate inventory may be affected by changes in the market price of real estate and its assessment involves management's subjective judgment and accounting estimates, we identified the net realizable value of real estate inventory as a key audit matter for the year ended December 31, 2025. Refer to Note 5 to the accompanying parent company only financial statements for the relevant accounting judgments and key sources of estimation uncertainty.

The main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

1. We evaluated and confirmed the accounting policies on the valuation of real estate inventory were consistently applied.
2. We obtained the information on the calculation of the net realizable value and impairment assessment of the above-mentioned real estate inventory, and we reviewed and confirmed the assessment results were reasonable.

## **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shih-Chieh Chou and Yao-Lin Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 16, 2026

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*

# BES ENGINEERING CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4, 6 and 14)	\$ 1,457,156	2	\$ 2,588,052	4
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	10,047	-	9,473	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	-	-	672,470	1
Financial assets at amortized cost - current (Notes 4, 9, 23 and 32)	5,078,451	8	4,841,133	8
Contract assets - current (Notes 14, 23, 25 and Table 1)	4,854,052	7	4,614,661	7
Construction receivables (Notes 4, 10, 14, 23, 25 and 31)	5,688,373	9	5,319,144	8
Accounts receivable on the development of industrial districts (Notes 4, 11 and 23)	2,034,700	3	2,359,746	4
Inventories (Notes 4 and 23)	92,521	-	199,833	-
Buildings and land held for sale, net (Notes 4, 5, 12, 23 and 32)	11,070,646	17	11,711,288	19
Construction in progress (Notes 4, 12, 23 and 32)	22,822,224	34	16,619,914	26
Refundable deposits on construction contracts (Note 23)	227,790	-	80,163	-
Other current assets (Notes 14 and 31)	2,844,026	4	3,165,656	5
Total current assets	<u>56,179,986</u>	<u>84</u>	<u>52,181,533</u>	<u>82</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 32)	1,559,807	2	1,502,093	2
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	600,000	1	600,000	1
Investments accounted for using the equity method (Notes 4 and 13)	3,641,033	5	4,755,093	7
Property, plant and equipment, net (Notes 4, 14, 15 and 32)	3,785,233	6	3,515,537	6
Right-of-use assets (Notes 4, 16 and 31)	136,884	-	93,715	-
Investment properties, net (Notes 4, 17 and 32)	851,987	1	857,366	1
Deferred tax assets (Notes 4 and 27)	315,664	1	295,754	1
Refundable deposits (Notes 14 and 31)	60,780	-	32,882	-
Net defined benefit assets (Notes 4 and 22)	68,007	-	40,995	-
Other non-current assets	7,029	-	21,092	-
Total non-current assets	<u>11,026,424</u>	<u>16</u>	<u>11,714,527</u>	<u>18</u>
<b>TOTAL</b>	<u>\$ 67,206,410</u>	<u>100</u>	<u>\$ 63,896,060</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 32)	\$ 3,894,000	6	\$ 5,311,400	8
Short-term bills payable (Notes 18 and 32)	2,110,623	3	2,797,746	5
Contract liabilities - current (Notes 14, 23, 25, 31 and Table 1)	6,718,813	10	6,222,617	10
Notes payable (Note 23)	-	-	2,766	-
Trade payables (Notes 14, 19, 23 and 31)	6,911,888	10	7,129,539	11
Accrued expenses (Notes 14 and 31)	1,445,924	2	674,993	1
Accounts payable for the development of industrial districts (Notes 4, 20 and 23)	15,963	-	17,605	-
Current tax liabilities (Notes 4 and 27)	303,270	1	165,670	-
Provisions - current (Notes 4, 21 and 23)	602,198	1	547,641	1
Lease liabilities - current (Notes 4, 16 and 31)	58,019	-	43,057	-
Current portion of long-term borrowings (Notes 18 and 32)	3,874,548	6	1,971,064	3
Guarantee deposits on construction contracts (Note 23)	910,157	1	878,456	1
Other current liabilities (Notes 14 and 31)	249,004	-	209,454	-
Total current liabilities	<u>27,094,407</u>	<u>40</u>	<u>25,972,008</u>	<u>40</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 18 and 32)	15,135,521	23	13,396,935	21
Provisions - non-current (Notes 4 and 21)	900,764	1	900,764	1
Deferred tax liabilities (Notes 4 and 27)	999,085	1	993,752	2
Lease liabilities - non-current (Notes 4, 16 and 31)	81,659	-	53,004	-
Guarantee deposits received (Notes 14, 31 and 35)	396,175	1	404,466	1
Total non-current liabilities	<u>17,513,204</u>	<u>26</u>	<u>15,748,921</u>	<u>25</u>
Total liabilities	<u>44,607,611</u>	<u>66</u>	<u>41,720,929</u>	<u>65</u>
<b>EQUITY</b>				
Ordinary shares	<u>16,079,041</u>	<u>24</u>	<u>15,308,998</u>	<u>24</u>
Capital surplus	<u>96,532</u>	<u>-</u>	<u>96,532</u>	<u>-</u>
Retained earnings				
Legal reserve	1,359,498	2	1,285,732	2
Special reserve	2,475,958	4	2,475,958	4
Unappropriated earnings	<u>4,125,524</u>	<u>6</u>	<u>3,921,009</u>	<u>6</u>
Total retained earnings	<u>7,960,980</u>	<u>12</u>	<u>7,682,699</u>	<u>12</u>
Other equity	<u>(1,537,754)</u>	<u>(2)</u>	<u>(913,098)</u>	<u>(1)</u>
Total equity	<u>22,598,799</u>	<u>34</u>	<u>22,175,131</u>	<u>35</u>
<b>TOTAL</b>	<u>\$ 67,206,410</u>	<u>100</u>	<u>\$ 63,896,060</u>	<u>100</u>

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

# BES ENGINEERING CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 14, 25 and 31)				
Construction revenue	\$ 18,111,658	93	\$ 22,507,198	99
Other operating revenue	<u>1,336,143</u>	<u>7</u>	<u>262,031</u>	<u>1</u>
Total operating revenue	<u>19,447,801</u>	<u>100</u>	<u>22,769,229</u>	<u>100</u>
OPERATING COSTS (Notes 4, 12, 14, 22, 26 and 31)				
Construction costs	16,845,242	86	21,172,574	93
Other operating costs	<u>1,099,362</u>	<u>6</u>	<u>121,453</u>	<u>-</u>
Total operating costs	<u>17,944,604</u>	<u>92</u>	<u>21,294,027</u>	<u>93</u>
GROSS PROFIT	<u>1,503,197</u>	<u>8</u>	<u>1,475,202</u>	<u>7</u>
OPERATING EXPENSES (Notes 22, 26 and 31)				
Selling and marketing expenses	165,615	1	103,821	1
General and administrative expenses	323,428	2	301,266	1
Research and development expenses	<u>38,614</u>	<u>-</u>	<u>41,314</u>	<u>-</u>
Total operating expenses	<u>527,657</u>	<u>3</u>	<u>446,401</u>	<u>2</u>
PROFIT FROM OPERATIONS	<u>975,540</u>	<u>5</u>	<u>1,028,801</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4, 14, 26 and 31)	71,455	-	57,621	-
Other income (Notes 4, 26 and 31)	90,605	-	107,629	-
Other gains and losses (Notes 13 and 26)	(87,650)	-	51,103	-
Finance costs (Notes 4, 12, 26 and 31)	(255,258)	(1)	(295,945)	(1)
Share of profit or loss of subsidiaries and associates (Notes 4 and 13)	<u>(4,443)</u>	<u>-</u>	<u>(67,022)</u>	<u>-</u>
Total non-operating income and expenses	<u>(185,291)</u>	<u>(1)</u>	<u>(146,614)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	790,249	4	882,187	4
INCOME TAX EXPENSE (Notes 4 and 27)	<u>154,309</u>	<u>1</u>	<u>164,943</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>635,940</u>	<u>3</u>	<u>717,244</u>	<u>3</u>

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# BES ENGINEERING CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 13, 22, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 10,462	-	\$ 23,832	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	35,656	-	(322,587)	(2)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	20,711	-	(91,193)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(2,091)</u>	<u>-</u>	<u>(4,767)</u>	<u>-</u>
	<u>64,738</u>	<u>-</u>	<u>(394,715)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	<u>(277,010)</u>	<u>(1)</u>	<u>187,804</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(212,272)</u>	<u>(1)</u>	<u>(206,911)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 423,668</u>	<u>2</u>	<u>\$ 510,333</u>	<u>2</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 0.40</u>		<u>\$ 0.45</u>	
Diluted	<u>\$ 0.39</u>		<u>\$ 0.45</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

**BES ENGINEERING CORPORATION**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024  
(In Thousands of New Taiwan Dollars)**

	Share Capital Issued and Outstanding (Note 24)		Capital Surplus	Retained Earnings (Note 24)				Other Equity (Notes 4 and 24)			Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	
						Total	Total				
BALANCE ON JANUARY 1, 2024	1,530,899	\$ 15,308,998	\$ 96,521	\$ 1,200,927	\$ 2,475,958	\$ 4,064,226	\$ 7,741,111	\$ (220,686)	\$ (465,089)	\$ (685,775)	\$ 22,460,855
Appropriation of the 2023 earnings											
Legal reserve	-	-	-	84,805	-	(84,805)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(796,068)	(796,068)	-	-	-	(796,068)
Total	-	-	-	84,805	-	(880,873)	(796,068)	-	-	-	(796,068)
Actual acquisition of interests in subsidiaries	-	-	11	-	-	-	-	-	-	-	11
Net profit for the year ended December 31, 2024	-	-	-	-	-	717,244	717,244	-	-	-	717,244
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	19,972	19,972	187,804	(414,687)	(226,883)	(206,911)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	737,216	737,216	187,804	(414,687)	(226,883)	510,333
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	440	440	-	(440)	(440)	-
BALANCE ON DECEMBER 31, 2024	1,530,899	15,308,998	96,532	1,285,732	2,475,958	3,921,009	7,682,699	(32,882)	(880,216)	(913,098)	22,175,131
Appropriation of the 2024 earnings											
Legal reserve	-	-	-	73,766	-	(73,766)	-	-	-	-	-
Cash dividends distributed by the Corporation	77,004	770,043	-	-	-	(770,043)	(770,043)	-	-	-	-
Total	77,004	770,043	-	73,766	-	(843,809)	(770,043)	-	-	-	-
Net profit for the year ended December 31, 2025	-	-	-	-	-	635,940	635,940	-	-	-	635,940
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	-	9,109	9,109	(277,010)	55,629	(221,381)	(212,272)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	645,049	645,049	(277,010)	55,629	(221,381)	423,668
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	403,275	403,275	-	(403,275)	(403,275)	-
BALANCE ON DECEMBER 31, 2025	1,607,903	\$ 16,079,041	\$ 96,532	\$ 1,359,498	\$ 2,475,958	\$ 4,125,524	\$ 7,960,980	\$ (309,892)	\$ (1,227,862)	\$ (1,537,754)	\$ 22,598,799

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

# BES ENGINEERING CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 790,249	\$ 882,187
Adjustments for:		
Depreciation expenses	190,497	143,935
Net gain on fair value changes of financial assets at fair value through profit or loss	(497)	(150)
Finance costs	255,258	295,945
Interest income	(71,455)	(57,621)
Dividend income	(10,634)	(18,898)
Share of profit or loss of subsidiaries and associates	4,443	67,022
Loss (gain) on disposal of property, plant and equipment	(1,894)	1,460
Gain on disposal of associates	-	(32,247)
Reversal of write-down of buildings and land held for sale	-	(33,510)
Compensation loss	56,725	11,710
Gain on lease modification	(13)	-
Changes in operating assets and liabilities		
Contract assets	(239,391)	323,517
Construction receivables	(369,229)	(1,284,299)
Accounts receivable on the development of industrial districts	325,046	451,875
Inventories	107,312	14,088
Construction in progress	(5,744,428)	(5,780,546)
Buildings and land held for sale	714,955	101,165
Other current assets	275,553	(843,477)
Contract liabilities	496,196	2,680,656
Notes payable	(2,766)	(10,601)
Trade payables	(217,651)	768,220
Accounts payable for the development of industrial districts	(1,642)	(1,453)
Accrued expenses	766,298	68,745
Provisions	(2,168)	683
Net defined benefit plans	(16,550)	(14,351)
Other current liabilities	39,550	18,871
Cash used in operations	(2,656,236)	(2,247,074)
Interest received	72,113	54,972
Interest paid	(737,366)	(594,093)
Income tax paid	(33,377)	(19,996)
Net cash used in operating activities	(3,354,866)	(2,806,191)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	650,412	440
Purchase of financial assets at amortized cost	(237,318)	(1,247,903)
Purchase of financial assets at fair value through profit or loss	(25,075)	(5,075)
Proceeds from disposal of financial assets at fair value through profit and loss	24,998	-

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# BES ENGINEERING CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Payments for property, plant and equipment	\$ (397,519)	\$ (432,643)
Proceeds from disposal of property, plant and equipment	5,648	937
Increase in refundable deposits	(175,525)	(9,479)
Decrease in other assets	14,063	3,081
Dividends received from subsidiaries and associates	11,432	220,264
Dividends received from financial assets	10,634	18,898
Proceeds from liquidation of subsidiaries	<u>-</u>	<u>17,790</u>
Net cash used in investing activities	<u>(118,250)</u>	<u>(1,433,690)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(1,412,400)	(764,600)
Proceeds from (repayments of) short-term bills payable	(687,123)	1,335,786
Proceeds from long-term borrowings	3,642,070	4,774,883
Increase in guarantee deposits received	23,410	112,301
Repayment of the principal portion of lease liabilities	(60,623)	(58,078)
Cash dividends distributed	-	(796,068)
Acquisition of additional interests in subsidiaries	-	(160)
Disposal of additional interests in subsidiaries	<u>841,886</u>	<u>-</u>
Net cash generated from financing activities	<u>2,347,220</u>	<u>4,604,064</u>
NET INCREASE (DECREASE) IN CASH	(1,125,896)	364,183
CASH AT THE BEGINNING OF THE YEAR	<u>2,293,052</u>	<u>1,928,869</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,167,156</u>	<u>\$ 2,293,052</u>
<b><u>Reconciliation of ending balance of cash</u></b>		
	<b>2025</b>	<b>2024</b>
Cash in the parent company only balance sheets	\$ 1,457,156	\$ 2,588,052
Bank overdrafts	<u>(290,000)</u>	<u>(295,000)</u>
Cash in the parent company only statements of cash flows	<u>\$ 1,167,156</u>	<u>\$ 2,293,052</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

# BES ENGINEERING CORPORATION

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

BES Engineering Corporation (the “Corporation”), which was a state-owned enterprise until June 22, 1994, engages mainly in civil engineering, building construction, real estate transaction and the development of industrial districts for the government.

The Corporation’s shares have been trading on the Taiwan Stock Exchange since March 1993.

The parent company only financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Corporation’s board of directors on March 12, 2026.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

1) Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Corporation’s accounting policies.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

As of the date the parent company only financial statements were authorized for issue, the Corporation has assessed that the application of above standards will not have a material impact on the Corporation's financial position and financial performance.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Corporation shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Corporation shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Corporation shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation labels items as "other" only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Corporation as a whole, the Corporation shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

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

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Corporation is continuously assessing the other impacts of the amended standards and interpretations on the Corporation’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **b. Basis of preparation**

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit plans which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only the financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Corporation is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Corporation's construction-related assets and liabilities.

d. Foreign currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting parent company only financial statements, the Corporation's foreign operations (including subsidiaries and associates) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

For a contract where a land owner provides land for construction of buildings by a property developer in exchange for a certain percentage of the buildings, no exchange gain or loss is recognized if the buildings acquired are classified as properties held for sale. Revenue is recognized when the properties held for sale are sold to third parties.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Corporation directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments in associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associates. The Corporation also recognizes the changes in the Corporation's share of the equity of associates.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's parent company only financial statements only to the extent of interests in the associate that are not related to the Corporation.

#### h. Joint operations

A joint operation is a joint arrangement whereby the Corporation and other parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

Any acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business should be treated as a business combination, except when the parties sharing joint control are under the common control of the same ultimate controlling party or parties both before and after the acquisition and that control is not transitory.

The Corporation recognizes the following items in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output of the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Corporation accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenue and expenses.

When the Corporation sells or contributes assets to its joint operation, it recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. When the Corporation purchases assets from its joint operation, it does not recognize its share of the gain or loss until it resells those assets to a third party.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the declining balance method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the declining balance method and straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. Otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

## 1. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

### 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

#### a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

##### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

##### ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

- iii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

- b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Corporation always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

- c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 1) Onerous contracts

Onerous contracts are those in which the Corporation's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

## 2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the Corporation's obligations.

## n. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

### 1) Revenue from the sale of goods

For contracts to sell properties in the ordinary course of business, the fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the property is transferred to the buyer.

### 2) Revenue from the rendering of services

Revenue from the rendering of services is recognized when services are provided.

Revenue from a contract to provide services is recognized with reference to the stage of completion of the contract.

### 3) Construction contract revenue

The Corporation recognizes revenue from real estate construction contracts which are in the progress of construction over time. The Corporation measures the progress of completion of the construction contracts based on the satisfaction of performance obligations as stated in the contracts. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Corporation recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Corporation adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Corporation satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

### 4) Business on the development of industrial districts

The Corporation is authorized by the Bureau of Industrial Parks, Ministry of Economic Affairs to develop and sell the development of industrial districts, whose accounting affairs are processed individually. Input costs of each industrial zone debit accounts receivable on the development of industrial districts; the price of land was paid by the purchaser, and the cost of development credits accounts payable for the development of industrial districts. When vendors pay off the price, accounts receivable on the development of industrial districts will be charged off. If the balance remains, the committee of industrial zone development and administration fund will be remitted.

Business on the development of industrial districts is charged by appointment contracts and related laws, which recognized in agency fee revenue included in other operating revenue of current year.

o. Buildings and land held for sale, net

Buildings and land held for sale, net is stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item. The net realizable value is the estimated selling price less the selling expense. The cost is calculated by the specific identification method when selling.

p. Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs, except for the stage of completion which is not representative. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract can be estimated reliably, revenue from cost-plus contracts is recognized with reference to the recoverable costs incurred during the period plus the fees earned, measured according to the proportion of the costs incurred to date to the estimated total costs of the contract.

When it is probable that total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus the recognized profit less the recognized deficits exceed progress billings, the surplus is shown as the gross amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus the recognized profit less the recognized deficits, the surplus is shown as the gross amount due to customers for contract work. Amounts received before the related work is performed are included in the parent company only balance sheets as a liability under contract liabilities. Amounts billed for work performed but not yet paid by customers are included in the parent company only balance sheets under trade receivables.

q. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Corporation assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably,

each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

## 2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the parent company only balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

### r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit assets are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit assets represent the actual surplus in the Corporation's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the

temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Corporation considers the possible impact of on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

### Key Sources of Estimation Uncertainty

#### a. Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The degree of completion of a contract is measured based on the satisfaction of performance obligations stated in the contract.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts.

#### b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

## 6. CASH

	<u>December 31</u>	
	2025	2024
Cash on hand	\$ 6,834	\$ 6,876
Checking accounts and demand deposits	<u>1,450,322</u>	<u>2,581,176</u>
	<u>\$ 1,457,156</u>	<u>\$ 2,588,052</u>

The market rate intervals of bank deposits at the end of the year were as follows:

	<u>December 31</u>	
	2025	2024
Bank deposits	0.005%-0.705%	0.007%-0.705%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	<u>December 31</u>	
	2025	2024
<u>Financial assets at FVTPL</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 10,047</u>	<u>\$ 9,473</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2025	2024
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ -</u>	<u>\$ 672,470</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 1,422,201	\$ 1,345,326
Unlisted shares	113,806	116,025
Foreign investments		
Unlisted shares	<u>23,800</u>	<u>40,742</u>
	<u>\$ 1,559,807</u>	<u>\$ 1,502,093</u>

These investments in China Petrochemical Development Corporation (the “China Petrochemical Development”), Century Development Corporation, Overseas Investment & Development Corporation and HRDD Logistics Co., Ltd. are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Corporation’s strategy of holding these investments for long-term purposes.

Refer to Note 32 for information relating to investments in equity instruments at FVTOCI pledged as security.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2025	2024
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (b)	\$ 2,321,988	\$ 1,971,197
Others (c)	<u>2,756,463</u>	<u>2,869,936</u>
	<u>\$ 5,078,451</u>	<u>\$ 4,841,133</u>

### Non-current

Domestic investments		
Corporate bonds of Agora Garden Co., Ltd. (a)	<u>\$ 600,000</u>	<u>\$ 600,000</u>

- a. In June 2024, the Corporation bought 5-year corporate bonds issued by Agora Garden Co., Ltd. at face value of \$600,000 thousand with a maturity date of June 2029. The coupon rate and effective interest rate were both 5.5%.
- b. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.650%-2.800% and 0.400%-1.725% per annum as of December 31, 2025 and 2024, respectively.
- c. Restricted deposits and reserve account for trusts.

Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. CONSTRUCTION RECEIVABLES

	<u>December 31</u>	
	2025	2024
Construction receivables	<u>\$ 5,688,373</u>	<u>\$ 5,319,144</u>

## Construction Receivables

The average credit period granted by the Corporation for sales of its products is 90 days; assessment of impairment of accounts receivable is based on aging analysis, past experience and the client's current financial condition on an individual basis to estimate the uncollectible amounts.

When deciding the collectability of trade receivables, the Corporation takes the change of credit quality from the grant date of trade receivables to the balance sheet date in consideration. Past experience shows that, unless the traders are government entities which have good credit quality and are evaluated not to recognize allowance for doubtful accounts, the Corporation evaluates the uncollectible amounts in the future and recognizes appropriate allowance for doubtful accounts in principle.

Expect for individually recognizing appropriate allowance for doubtful accounts, which is based on objective evidence showing that trade receivables of specific trader are uncollectible, recognizing allowance for doubtful accounts is based on past experience of collective evaluation. The Corporation then distinguishes customers into different risk groups and recognizes allowance loss by expected loss rate.

The Corporation writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of receivables, net was as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Not past due	\$ 5,495,379	\$ 5,177,125
Less than 60 days	19,563	142,019
61-90 days	-	-
91-120 days	58,841	-
Past due over 121 days	<u>114,590</u>	<u>-</u>
	<u>\$ 5,688,373</u>	<u>\$ 5,319,144</u>

The above aging schedule was based on the past due days from the invoice date.

## 11. ACCOUNTS RECEIVABLE ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Chung Hua Coastal Industrial Park	\$ 126,340	\$ 459,645
Yunlin Technology-based Industrial Park	35,009	13,769
Litzer Industrial District	7,500	-
Other industrial districts	<u>1,865,851</u>	<u>1,886,332</u>
	<u>\$ 2,034,700</u>	<u>\$ 2,359,746</u>

The Corporation's development costs (including interest) amounted to \$1,603,211 thousand in 2025 and \$1,822,682 thousand in 2024, and the amounts collected were \$1,928,257 thousand in 2025 and \$2,274,557 thousand in 2024.

The Corporation’s receivables on the development of industrial districts are mainly funded by advanced cash and interest from the Bureau of Industrial Parks, Ministry of Economic Affairs. After assessing the following factors, there is no need to provide an allowance for bad debts:

- a. The price of land in an industrial zone is based on the estimated total development costs. All the interest generated from the development costs after the settlement base date are in response to the price adjustment mechanism used for adding the interest month by month and are a basis for reflecting the accurate price of an industrial zone at various points in time. The price paid by the vendors are included in the interest generated from the development costs after the settlement base date. The Bureau of Industrial Parks, Ministry of Economic Affairs implements a land lease plan in an industrial zone, and the development costs of the entrusted development unit is also calculated based on the price in the month in which the manufacturers sign the lease. Land rental income is simply one of the advanced repayments of the development costs and can still be returned through other relevant alternative measures.
- b. As industrial zone development contracts are civil law appointment contracts, all the authorized development units are not subject to the risk of profit and loss. This is because the fees paid by the appointed firms are legally required and reimbursed from the appointing party which is a government agency and such an agent’s credit is unquestionable.
- c. Development contracts only stipulate that development units may use advanced prepayments to process the development costs of the land sale price. Additionally, rental income from the land is not required to be the only repayment source. Industrial zone development is the government’s method of promoting the industrial development policy. Thus, the government shall adopt countermeasures to solve problems such as sluggish sale of land in industrial zones or higher than market rental or selling prices leading to unsaleable land in industrial zones. The recovery funds that are entrusted to development units do not necessarily directly correlate with whether the land can be sold successfully.
- d. The Corporation’s receivables on the development of industrial districts have no bad debt history. Also, the Bureau of Industrial Parks, Ministry of Economic Affairs has not stated or shown that it will not repay the development costs to the Corporation. Moreover, the funds will be recovered successively, and some of the cases have been fully recovered.

In summary, there is no major doubt or uncertainty regarding the recovery of advanced development repayments for industrial zone development, and thus, allowance for bad debts is not required.

**12. BUILDINGS AND LAND HELD FOR SALE, NET AND CONSTRUCTION IN PROGRESS**

	<b>Buildings and Land Held for Sale, Net</b>	<b>Construction in Progress</b>		
		<b>Cost of Land</b>	<b>Cost of Construction</b>	<b>Total</b>
<u>December 31, 2025</u>				
Self-construction on self-possessed land	\$ 410,062	\$ 1,244,634	\$ 13,322,009	\$ 14,566,643
Joint construction	10,660,584	187,890	8,042,455	8,230,345
Undefined use	-	25,236	-	25,236
	<u>\$ 11,070,646</u>	<u>\$ 1,457,760</u>	<u>\$ 21,364,464</u>	<u>\$ 22,822,224</u>

(Continued)

	Buildings and Land Held for Sale, Net	Construction in Progress		
		Cost of Land	Cost of Construction	Total
<u>December 31, 2024</u>				
Self-construction on self-possessed land	\$ 410,062	\$ 1,244,634	\$ 9,686,342	\$ 10,930,976
Joint construction	11,301,226	187,858	5,475,844	5,663,702
Undefined use	<u>-</u>	<u>25,236</u>	<u>-</u>	<u>25,236</u>
	<u>\$ 11,711,288</u>	<u>\$ 1,457,728</u>	<u>\$ 15,162,186</u>	<u>\$ 16,619,914</u>
				(Concluded)

The Corporation's investments in the above buildings and land are specifically held for sales purposes, and the allowance for decline in value were both \$5,735 thousand as of December 31, 2025 and 2024. For the year ended December 31, 2024, the operating costs included reversal of write-downs of buildings and land held for sale which amounted to \$33,510 thousand. Reversal of write-downs of buildings and land held for sale was due to market value recovery.

In November 2009, the Corporation acquired lots in the Zhengyi Section, Taipei City, and are in the process of contacting the landlords to discuss a new integrated development plan after the completion of the cooperative housing or urban renewal procedures.

In February 2011, the Corporation started to process an urban renewal plan for Yan Shou Public Housing located on land numbers 57-13 and 57 in the Baoqing Section, Taipei City.

- a. The Corporation acquired joint-construction agreements for land number 57-13 from the majority of the landlords. The application of the urban renewal business plan was completed in October 2013, and the approval was received in December 2015; the transfer of ownership rights was approved in December 2018; the approval letter was received on January 23, 2019; the construction license was approved on June 13, 2019; the first public coordination meeting was held on September 26, 2019; the demolition review meeting was passed on December 10, 2019; the relocation was completed in March 2020; the demolition of the buildings was completed in July 2020. On September 6, 2022, the beam erection ceremony was held, and as of December 31, 2025, housing inspection procedures were still in progress, and handover is expected to take place in the first quarter of 2026.
- b. The Corporation acquired joint-construction agreements for land number 57 from the majority of the landlords. The application of the urban renewal business plan was completed in December 2014, and the approval was received in June 2017; the transfer of ownership rights was submitted for approval in October 2018; the public hearing was held in February 2019; the hearing meeting was convened on December 23, 2019; the approval letter was received on April 22, 2020; the construction license was approved on June 21, 2021; the first public coordination meeting was held on August 31, 2021; the negotiated integration with tenants was completed on December 29, 2021; the relocation was completed in June 2022; the construction application was submitted on June 28, 2022; the groundbreaking ceremony was held on July 12, 2022, and as of December 31, 2025, the construction was still in progress.

In 2015, the Corporation commenced 3 urban renewal plans located on the land, plot number 316, in the Nangang Section, Taipei City. The application of the urban renewal business plans was completed in June 2015 and the approval was received in October 2020. The public hearing for the transfer of ownership rights was held on November 28, 2020, and the housing selection was completed in January 2021. The public hearing was held on May 20, 2022, and the approval letter was received on July 11, 2023. The negotiation for demolition was completed in April 2024, and all the relocations were completed on October 20, 2024. Demolition was completed in February 2025, and the groundbreaking ceremony was held on July 21, 2025. As of December 31, 2025, the construction work was still in progress.

The land development plan for Peibo Section in Tucheng District was approved by the Corporation's board of directors and authorized for issue on May 13, 2020, and the demolition of the buildings was completed in June 2020; the public hearing was held on April 27, 2021. On May 27, 2022, the design change was reviewed and completed; the construction license was approved on June 24, 2023. On August 14, 2023, the beam erection ceremony was held, and as of December 31, 2025, the interior and exterior finishing work were still in progress.

The Corporation was awarded a tender for the urban renewal of public and private land in No. 290, Dongsheng Section, Shulin District, New Taipei City, on October 13, 2021. The contract with the New Taipei City Government was signed on December 24, 2021; the application for the scope change was submitted to the Bureau of Finance in December 2022. The housing selection was completed on October 25, 2023. The application for the urban renewal business plans and transfer of ownership rights was submitted on December 22, 2024. The public hearing was held on April 29, 2024, and the neighboring land occupation coordination meeting was held on October 14, 2024. The second subcommittee review meeting was held on February 11, 2025, and the plenary review meeting was convened on December 26, 2025. As of December 31, 2025, supplementary procedures related to the hearing were still in progress.

The board of directors approved the urban renewal project for the land in Section 135-1, Subsection 1, Dunhua Section, Songshan District, Taipei City, on May 11, 2022. The application for the urban renewal business plans was completed on February 24, 2023, and the housing selection was completed on October 25, 2023. The seminars on the change of urban renewal area were held on March 2, 2024, and the architectural planning drawings were adjusted on January 20, 2025. As of December 31, 2025, integration work for the expanded scope was still in progress.

The Corporation was awarded a tender for the 10 urban renewal plans located in the land in No. 27-3, Subsection 3, Minsheng E. Rd., Songshan District., Taipei City, in July 2023, and the application for the urban renewal business plan was submitted in November 2023. The urban renewal unit planning briefing was held on May 25, 2024, and the replacement procedures for the consent forms of rights holders were carried out on October 13, 2025. As of December 31, 2025, the housing selection planning work was still in progress.

The Corporation was awarded a tender for the 14 urban renewal plans located in the land in No. 956, Gongguan Section, Banqiao District, New Taipei City, on July 28, 2023. The contract with the National Housing and Urban Regeneration Center was signed on October 25, 2023. The public hearing of the transfer of ownership rights was held on March 21, 2024; the housing selection was completed on April 20, 2024; and the application for the urban renewal business plans and transfer of ownership rights was submitted on May 15, 2024. The application was submitted to the National Housing and Urban Regeneration Center for review on October 13, 2025. As of December 31, 2025, the procedures for addressing review comments were still in progress.

The Corporation was awarded a tender for the 2 urban renewal plans located in the land in No. 246, Subsection 2, Daan Section, Da'an District, Taipei City, in September 2023, and the application for the urban renewal business plan was submitted in October 2023. Inspection work was completed on July 5, 2024; building planning was finalized on September 30, 2024; and the public hearing and the housing selection were held on December 13, 2024. The lot drawing was completed on February 14, 2025, and the application for the urban renewal business plans and transfer of ownership rights was approved on March 28, 2025. As of December 31, 2025, the supplementary documentation procedures were still in progress.

The Corporation was awarded a tender for the 5 urban renewal plans located in the land in No. 461, Peibo Section, Tucheng District, New Taipei City, in September 2023. The public hearing of the transfer of ownership rights was held on June 25, 2024; housing selection was completed on July 15, 2024; and the application for the urban renewal business plans and transfer of ownership rights was approved on October 14, 2024. The public hearing was held on March 25 and May 13, 2025. In addition, the negotiation with the owners was completed, and the motion was approved by the Board of Directors on June 26, 2025.

The Board of Directors approved a tender for the 9 urban renewal plans located in the land in No. 551, Subsection 3, Baoqing Section, Taipei City, on October 25, 2024. A self-organized public hearing was held in September 2025. As of December 31, 2025, construction cost assessment and adjustments were still in progress.

As of December 31, 2025 and 2024, the interest expense before capitalization was \$741,999 thousand and \$600,933 thousand, respectively; the capitalized construction interest was \$486,741 thousand and \$304,988 thousand, respectively; the capitalization rates per annum were 2.958%-2.963% and 2.826%-2.867%, respectively.

Refer to Note 32 for information about buildings and land held for sale, net pledged as security.

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2025	2024
Investment in subsidiaries	<u>\$ 3,641,033</u>	<u>\$ 4,755,093</u>

#### a. Investment in subsidiaries

	<u>December 31</u>	
	2025	2024
<u>Unlisted ordinary shares</u>		
Core Pacific World Co., Ltd.	\$ 1,256,761	\$ 1,263,279
BES Investment Company Ltd.	633,925	1,721,821
BES Logistics International Co., Ltd.	676,934	666,381
Core Asia Human Resources Management Co., Ltd.	94,168	91,797
Cinemark-Core Pacific, Ltd.	219,522	257,457
Chung Kung Safeguarding & Security Corp.	58,567	55,990
BES Construction Corporation (BES, U.S.A.)	28,536	29,152
BESM Holding Co., Ltd.	234,727	229,615
Huading Enterprise Co., Ltd.	<u>437,893</u>	<u>439,601</u>
	<u>\$ 3,641,033</u>	<u>\$ 4,755,093</u>

	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
Name of Subsidiaries	2025	2024
Core Pacific World Co., Ltd. (Note 2)	99.96%	99.96%
BES Investment Company Ltd. (Note 3)	100.00%	100.00%
BES Logistics International Co., Ltd.	100.00%	100.00%
Core Asia Human Resources Management Co., Ltd.	100.00%	100.00%
Cinemark-Core Pacific, Ltd.	91.76%	91.76%
Chung Kung Safeguarding & Security Corp.	64.67%	64.67%
BES Construction Corporation (BES, U.S.A.)	91.79%	91.79%
BESM Holding Co., Ltd.	100.00%	100.00%
Huading Enterprise Co., Ltd.	90.00%	90.00%

Note 1: On May 13, 2024, the Board of Directors of the Corporation resolved to proceed with the liquidation and dissolution of its subsidiary, BES Global Investment Co. The related procedures were completed on October 16, 2024.

Note 2: On November 28, 2024, the Corporation acquired part of the equity from the non-controlling shareholders of its subsidiary, Core Pacific World Co., Ltd., resulting in its continuing interest increasing from 99.95% to 99.96%. Please refer to Note 30 in the consolidated financial statements for the year ended December 31, 2025.

Note 3: On June 26, 2025, the Corporation's board of directors approved a cash capital reduction of its subsidiary, BES Investment Company Ltd. with July 1, 2025 as the record date for the capital reduction. The Corporation received the capital reduction proceeds of \$841,886 thousand on December 30, 2025.

b. Investment in associates

Aggregate information of joint ventures that are not individually material:

	<b>For the Year Ended December 31, 2024</b>
The Corporation's share of:	
Loss for the year	\$ (15,845)
Other comprehensive income (loss)	<u>1,313</u>
Total comprehensive loss for the year	<u>\$ (14,532)</u>

The invested company HRDD Logistics Co., Ltd. ("HRDD") of the Corporation, which is evaluated by using the equity method, resolved a resolution for cash capital increase at its extraordinary shareholders' meeting on January 5, 2024. However, the Corporation did not participate in the cash capital increase of HRDD in proportion to its shareholding. The registration was completed on July 30, 2024, the changes in percentage of ownership interests resulted in a decrease of the Corporation's continuing interest from 23.61% to 14.11%, and consequently ceased to have significant influence over the change to financial assets at FVTOCI. The Corporation retained the remaining 14.11% shares whose fair value at the date of disposal was \$39,745 thousand. This transaction resulted in the recognition of a gain in profit or loss for the year ended December 31, 2024, calculated as follows:

	<b>For the Year Ended December 31, 2024</b>
Proceeds from disposal	\$ -
Plus: Fair value of retained investment (14.11%)	39,745
Plus: Exchange differences on translation of the financial statements of foreign operations	1,313
Less: Carrying amount of investment on the date of loss of significant influence	<u>(8,811)</u>
Gain recognized (other gains and losses)	<u>\$ 32,247</u>

## 14. JOINT OPERATIONS

Some of the Corporation's construction projects are joint construction projects, and the Corporation signed cooperation agreements with participating contractors to form a single operating unit and adopted the operating model of joint contracting and also independently set up accounting records. The joint contractor, construction assets and liabilities and details of the amounts the Corporation made in proportion to its interest in the joint agreements are as follows:

### a. Yulon Town Joint Venture

The Corporation and Taiwan Kumagai Co., Ltd. jointly contracted the main construction of the Yulon Town Development Project in the commercial area (the "Yulon Town Joint Venture"), which was entrusted by Yulon Motor Co., Ltd. The Corporation and Taiwan Kumagai Co., Ltd. signed the joint venture contract in December 2018, and had 30% and 70% interest in the joint venture, respectively. The related assets, liabilities, revenue and expenses relating to the joint venture operations in the parent company only financial statements were shown below:

	<u>December 31</u>	
	2025	2024
<u>Liabilities</u>		
Accrued expenses	\$ 4,000	\$ -
Contract liabilities - current	-	32,023
Other current liabilities	<u>2,378</u>	<u>2,378</u>
	<u>\$ 6,378</u>	<u>\$ 34,401</u>
		<b>For the Year Ended December 31, 2024</b>
Construction revenue		<u>\$ 3,525</u>
Construction cost		<u>\$ 3,271</u>
Interest income		<u>\$ 46</u>

### b. Twin Tower Joint Venture

The Corporation, Taiwan Kumagai Co., Ltd. (Kumagai) and Jeou Nien Construction Co., Ltd. (Jeou Nien) jointly contracted the main construction of the Taipei City West District Gateway Project, Taipei Station Specific Dedicated Area C1/D1 (East Half Street Profile) Land Development Project, which was entrusted by Taipei Twin Towers Co., Ltd. In May 2022, the Corporation, Kumagai and Jeou Nien signed the joint venture contract and had 33%, 35% and 32% interest in the joint venture, respectively. The related assets, liabilities, revenue and expenses relating to the joint venture operations in the parent company only financial statements were shown below:

	<u>December 31</u>	
	2025	2024
<u>Assets</u>		
Cash	\$ 135,145	\$ 88,638
Other current assets	412,850	691,487

(Continued)

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Property, plant and equipment	\$ 1,774	\$ -
Refundable deposits	<u>215</u>	<u>215</u>
	<u>\$ 549,984</u>	<u>\$ 780,340</u>
 <u>Liabilities</u>		
Trade payables	\$ 88,977	\$ 23,886
Accrued expenses	21	6
Contract liabilities - current	366,591	688,965
Other current liabilities	<u>11,894</u>	<u>8</u>
	<u>\$ 467,483</u>	<u>\$ 712,865</u>
		(Concluded)

**For the Year Ended December 31**

	<u>2025</u>	<u>2024</u>
Construction revenue	<u>\$ 1,312,373</u>	<u>\$ 1,150,216</u>
Construction cost	<u>\$ 1,269,798</u>	<u>\$ 1,109,902</u>
Interest income	<u>\$ 837</u>	<u>\$ 463</u>

c. Tainan Seawater Desalination Plant Joint Venture

The Corporation and Kuo Toong International Co., Ltd. (“Kuo Toong”) jointly contracted the construction of the turnkey project (Phase I) and operation and maintenance project of the Tainan Seawater Desalination Plant, managed by the Southern Region Water Resources Office, Water Resources Agency, Ministry of Economic Affairs (the “Tainan Seawater Desalination Plant Joint Venture”), which was entrusted by Kuo Toong International Co., Ltd. The Corporation and Kuo Toong signed the joint venture contract in May 2024, and had 43% and 57% interest in the joint venture, respectively. The related assets, liabilities, revenue and expenses relating to the joint venture operations in the parent company only financial statements were shown below:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Cash	\$ 23,853	\$ 38,829
Construction receivables	135,339	-
Contract assets - current	-	812
Other current assets	272,141	24,637
Property, plant and equipment	1,735	-
Refundable deposits	<u>6,193</u>	<u>-</u>
Total assets	<u>\$ 439,261</u>	<u>\$ 64,278</u>
		(Continued)

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Liabilities</u>		
Trade payables	\$ 109,311	\$ 4,163
Accrued expenses	-	235
Contract liabilities - current	428,541	-
Guarantee deposits received	<u>476</u>	<u>-</u>
Total liabilities	<u>\$ 538,328</u>	<u>\$ 4,398</u>

(Concluded)

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Construction revenue	<u>\$ 424,529</u>	<u>\$ 27,047</u>
Construction cost	<u>\$ 405,663</u>	<u>\$ 25,827</u>
Interest income	<u>\$ 216</u>	<u>\$ 41</u>

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>						
Balance on January 1, 2024	\$ 2,712,588	\$ 452,496	\$ 874,808	\$ 95,986	\$ 4,511	\$ 4,140,389
Additions	-	-	420,758	9,825	2,060	432,643
Disposals	-	-	(17,115)	(6,276)	-	(23,391)
Reclassifications	<u>-</u>	<u>2,000</u>	<u>325</u>	<u>(325)</u>	<u>(2,000)</u>	<u>-</u>
Balance on December 31, 2024	<u>\$ 2,712,588</u>	<u>\$ 454,496</u>	<u>\$ 1,278,776</u>	<u>\$ 99,210</u>	<u>\$ 4,571</u>	<u>\$ 4,549,641</u>
<u>Accumulated depreciation</u>						
Balance on January 1, 2024	\$ 823	\$ 293,294	\$ 608,735	\$ 71,932	\$ -	\$ 974,784
Depreciation expense	188	12,463	59,514	8,149	-	80,314
Disposals	<u>-</u>	<u>-</u>	<u>(15,404)</u>	<u>(5,590)</u>	<u>-</u>	<u>(20,994)</u>
Balance on December 31, 2024	<u>\$ 1,011</u>	<u>\$ 305,757</u>	<u>\$ 652,845</u>	<u>\$ 74,491</u>	<u>\$ -</u>	<u>\$ 1,034,104</u>
Balance on December 31, 2024, net	<u>\$ 2,711,577</u>	<u>\$ 148,739</u>	<u>\$ 625,931</u>	<u>\$ 24,719</u>	<u>\$ 4,571</u>	<u>\$ 3,515,537</u>
<u>Cost</u>						
Balance on January 1, 2025	\$ 2,712,588	\$ 454,496	\$ 1,278,776	\$ 99,210	\$ 4,571	\$ 4,549,641
Additions	-	-	382,408	12,072	3,039	397,519
Disposals	-	(1,677)	(11,411)	(3,795)	-	(16,883)
Reclassifications	<u>-</u>	<u>-</u>	<u>-</u>	<u>(160)</u>	<u>-</u>	<u>(160)</u>
Balance on December 31, 2025	<u>\$ 2,712,588</u>	<u>\$ 452,819</u>	<u>\$ 1,649,773</u>	<u>\$ 107,327</u>	<u>\$ 7,610</u>	<u>\$ 4,930,117</u>
<u>Accumulated depreciation</u>						
Balance on January 1, 2025	\$ 1,011	\$ 305,757	\$ 652,845	\$ 74,491	\$ -	\$ 1,034,104
Depreciation expense	149	10,770	104,691	8,424	-	124,034
Disposals	-	(1,677)	(8,132)	(3,320)	-	(13,129)
Reclassifications	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125)</u>	<u>-</u>	<u>(125)</u>
Balance on December 31, 2025	<u>\$ 1,160</u>	<u>\$ 314,850</u>	<u>\$ 749,404</u>	<u>\$ 79,470</u>	<u>\$ -</u>	<u>\$ 1,144,884</u>
Balance on December 31, 2025, net	<u>\$ 2,711,428</u>	<u>\$ 137,969</u>	<u>\$ 900,369</u>	<u>\$ 27,857</u>	<u>\$ 7,610</u>	<u>\$ 3,785,233</u>

No impairment assessment was performed for the years ended December 31, 2025 and 2024 as there was no indication of impairment.

Property, plant and equipment are depreciated using the fixed-percentage-on-declining-balance-method and on a straight-line basis over their estimated useful lives as follows:

Land improvements	8-40 years
Buildings	
Main buildings	60 years
Air-conditioning equipment	3 years
Machinery and equipment	2-10 years
Other equipment	2-20 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amount</u>		
Land	\$ 63,919	\$ 48,294
Buildings	49,264	11,136
Transportation equipment	<u>23,701</u>	<u>34,285</u>
	<u>\$ 136,884</u>	<u>\$ 93,715</u>
	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Additions to right-of-use assets	<u>\$ 105,239</u>	<u>\$ 42,783</u>
Decrease in right-of-use assets	<u>\$ 986</u>	<u>\$ 4,686</u>
Depreciation charge for right-of-use assets		
Land	\$ 16,203	\$ 11,009
Buildings	21,368	23,342
Transportation equipment	<u>23,513</u>	<u>23,657</u>
	<u>\$ 61,084</u>	<u>\$ 58,008</u>

### b. Lease liabilities

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amount</u>		
Current	<u>\$ 58,019</u>	<u>\$ 43,057</u>
Non-current	<u>\$ 81,659</u>	<u>\$ 53,004</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<b>2025</b>	<b>2024</b>
Land	2.10%-2.95%	2.10%-2.78%
Buildings	2.78%-2.95%	2.10%-2.78%
Transportation equipment	2.10%-2.95%	2.10%-2.78%

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 17.

	<u>For the Year Ended December 31</u>	
	<b>2025</b>	<b>2024</b>
Expenses relating to short-term leases	<u>\$ 25,080</u>	<u>\$ 16,306</u>
Expenses relating to low-value asset leases	<u>\$ 413</u>	<u>\$ 532</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 204,806</u>	<u>\$ 182,629</u>
Total cash outflow for leases	<u>\$ (294,491)</u>	<u>\$ (260,485)</u>

The Corporation's leases of certain office equipment qualify as short-term leases and leases of certain equipment qualify as low-value asset leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 17. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>
<u>Cost</u>	
Balance on January 1, 2024 and December 31, 2024	<u>\$ 1,142,969</u>
<u>Accumulated depreciation</u>	
Balance on January 1, 2024	\$ 279,990
Depreciation expense	<u>5,613</u>
Balance on December 31, 2024	<u>\$ 285,603</u>
Balance on December 31, 2024, net	<u>\$ 857,366</u>
<u>Cost</u>	
Balance on January 1, 2025 and December 31, 2025	<u>\$ 1,142,969</u>

(Continued)

	<b>Completed Investment Properties</b>
<u>Accumulated depreciation</u>	
Balance on January 1, 2025	\$ 285,603
Depreciation expense	<u>5,379</u>
Balance on December 31, 2025	<u>\$ 290,982</u>
Balance on December 31, 2025, net	<u>\$ 851,987</u> (Concluded)

No impairment assessment was performed for the years ended December 31, 2025 and 2024 as there was no indication of impairment.

Investment properties are depreciated using the fixed-percentage-on-declining-balance-method and on a straight-line basis over their estimated useful lives as follows:

Land improvements	8-40 years
Buildings	
Main buildings	60 years
Air-conditioning equipment	3 years

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2025 and 2024, respectively, was as follows:

	<u>December 31</u>	
	<b>2025</b>	<b>2024</b>
Not later than 1 year	\$ 102,720	\$ 83,752
Later than 1 year and not later than 5 years	<u>230,220</u>	<u>164,473</u>
	<u>\$ 332,940</u>	<u>\$ 248,225</u>

The fair values of investment properties were arrived at on the basis of valuations carried out as of December 2025 and 2024 by independent and qualified professional appraiser. The fair values are shown below:

	<u>December 31</u>	
	<b>2025</b>	<b>2024</b>
Fair value	<u>\$ 6,567,602</u>	<u>\$ 6,350,361</u>

The market for some investment properties of the Corporation is inactive and alternative reliable measurements of fair value are not available; therefore, the Corporation determined that the fair value of the investment properties is not reliably measurable.

The Corporation held freehold interests in all of its investment properties. The carrying amounts of investment properties pledged by the Corporation to secure its borrowings are shown in Note 32.

## 18. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Secured borrowings</u>		
Bank loans	\$ 3,604,000	\$ 4,220,400
Bank overdrafts	<u>290,000</u>	<u>295,000</u>
	3,894,000	4,515,400
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>-</u>	<u>796,000</u>
	<u>\$ 3,894,000</u>	<u>\$ 5,311,400</u>

The short-term borrowings were pledged by some of the Corporation's bank deposits, shares held by the Corporation, time deposits, freehold land and buildings. (Refer to Note 32).

The range of weighted average effective interest rate on bank loans were 2.500%-3.302% and 2.300%-3.311% per annum at December 31, 2025 and 2024, respectively.

### b. Short-term bills payable

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Commercial paper	\$ 2,114,800	\$ 2,805,300
Less: Unamortized discounts on bills payable	<u>(4,177)</u>	<u>(7,554)</u>
	<u>\$ 2,110,623</u>	<u>\$ 2,797,746</u>

Outstanding short-term bills payable were as follows:

#### December 31, 2025

<u>Promissory Institution</u>	<u>Nominal Amount</u>	<u>Discount Amount</u>	<u>Carrying Value</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>Carrying Value of Collateral</u>
<u>Commercial paper</u>						
International Bills Finance	\$ 729,700	\$ 3,437	\$ 726,263	3.032%	Land and building	\$ 5,743,546
Mega Bills Finance	666,000	395	665,605	3.050%	Land and building	1,912,233
Mega Bills Finance	450,000	242	449,758	2.770%	Land and building	481,709
Taiwan Finance Corporation	<u>269,100</u>	<u>103</u>	<u>268,997</u>	3.462%	Land and building	892,214
	<u>\$ 2,114,800</u>	<u>\$ 4,177</u>	<u>\$ 2,110,623</u>			

December 31, 2024

Promissory Institution	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
<u>Commercial paper</u>						
International Bills Finance	\$ 882,000	\$ 4,228	\$ 877,772	3.032%	Land and building	\$ 6,707,466
Mega Bills Finance	690,000	873	689,127	2.850%	Land and building	1,864,733
China Bills Finance Corporation	500,000	1,852	498,148	2.420%	Marketable securities	504,900
Mega Bills Finance	450,000	550	449,450	2.750%	Land and building	497,782
Taiwan Finance Corporation	<u>283,300</u>	<u>51</u>	<u>283,249</u>	3.212%	Land and building	892,214
	<u>\$ 2,805,300</u>	<u>\$ 7,554</u>	<u>\$ 2,797,746</u>			

The short-term bills payables were pledged by buildings and land held for sale, freehold land and buildings. (Refer to Note 32)

c. Long-term borrowings

	<u>December 31</u>	
	2025	2024
<u>Secured borrowings</u>		
Bank loans	\$ 12,452,068	\$ 10,102,860
<u>Unsecured borrowings</u>		
Bank loans	<u>6,558,001</u>	<u>5,265,139</u>
	19,010,069	15,367,999
Less: Current portion	<u>(3,874,548)</u>	<u>(1,971,064)</u>
Long-term borrowings	<u>\$ 15,135,521</u>	<u>\$ 13,396,935</u>
Maturity dates	June 2031	June 2031

The long-term borrowings were pledged by some of the Corporation's bank deposits, construction in progress, buildings and land held for sale, freehold land and buildings and time deposits. (Refer to Note 32)

As of December 31, 2025 and 2024, the effective annual interest rate ranges were 2.365%-3.500% and 2.365%-3.312%, respectively.

**19. TRADE PAYABLES**

	<u>December 31</u>	
	2025	2024
<u>Trade payables</u>		
Operating	<u>\$ 6,911,888</u>	<u>\$ 7,129,539</u>

Trade payables classified as construction retainage received were \$3,536,403 thousand as of December 31, 2025 and \$2,958,727 thousand as of December 31, 2024. Construction retainage received, which is interest free, will be paid for each construction contract at the end of the construction retainage period. The warranty period is the Corporation's normal operating cycle, which normally exceeds one year. Related information on construction contracts is shown in Table 1 following the notes to financial statements.

## 20. ACCOUNTS PAYABLE FOR THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Litzer Industrial District	\$ -	\$ 1,642
Other Industrial Districts	<u>15,963</u>	<u>15,963</u>
	<u>\$ 15,963</u>	<u>\$ 17,605</u>

The input costs were \$1,642 thousand in 2025 and \$1,453 thousand in 2024.

## 21. PROVISIONS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Warranties	<u>\$ 602,198</u>	<u>\$ 547,641</u>
<u>Non-current</u>		
Long-term provision for the judgment of legal procedures	<u>\$ 900,764</u>	<u>\$ 900,764</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends.

The long-term provision for the judgment of legal procedures was based on the litigation of the recognition of construction overdue between the management of the Corporation and the owner. To make provisions for contingent losses due to lawsuits which are likely to occur in the future.

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plan

The defined benefit plans adopted by the Corporation in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributed at specific rate of salaries (the rates were both 7% for the years ended December 31, 2025 and 2024) and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds,

Ministry of Labor (the “Bureau”); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Corporation’s defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Present value of defined benefit obligation	\$ 212,646	\$ 210,414
Fair value of plan assets	<u>(280,653)</u>	<u>(251,409)</u>
Net defined benefit assets	<u>\$ (68,007)</u>	<u>\$ (40,995)</u>

Movements in net defined benefit assets were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Assets</b>
Balance on January 1, 2024	<u>\$ 244,250</u>	<u>\$ (247,062)</u>	<u>\$ (2,812)</u>
Service cost			
Current service cost	3,644	-	3,644
Net interest expense (income)	<u>2,849</u>	<u>(2,921)</u>	<u>(72)</u>
Recognized in profit or loss	<u>6,493</u>	<u>(2,921)</u>	<u>3,572</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(20,752)	(20,752)
Actuarial loss (gain)			
Changes in financial assumptions	(6,322)	-	(6,322)
Experience adjustments	<u>3,242</u>	<u>-</u>	<u>3,242</u>
Recognized in other comprehensive income	<u>(3,080)</u>	<u>(20,752)</u>	<u>(23,832)</u>
Contributions from the employer	<u>-</u>	<u>(17,048)</u>	<u>(17,048)</u>
Benefits paid	<u>(37,249)</u>	<u>36,374</u>	<u>(875)</u>
Balance on December 31, 2024	<u>\$ 210,414</u>	<u>\$ (251,409)</u>	<u>\$ (40,995)</u>
Balance on January 1, 2025	<u>\$ 210,414</u>	<u>\$ (251,409)</u>	<u>\$ (40,995)</u>
Service cost			
Current service cost	3,140	-	3,140
Net interest expense (income)	<u>3,272</u>	<u>(3,979)</u>	<u>(707)</u>
Recognized in profit or loss	<u>6,412</u>	<u>(3,979)</u>	<u>2,433</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(16,903)	(16,903)
Actuarial gain			
Changes in demographic assumptions	3	-	3
Changes in financial assumptions	3,647	-	3,647
Experience adjustments	<u>2,791</u>	<u>-</u>	<u>2,791</u>
Recognized in other comprehensive income	<u>6,441</u>	<u>(16,903)</u>	<u>(10,462)</u>
Contributions from the employer	<u>-</u>	<u>(17,566)</u>	<u>(17,566)</u>
Benefits paid	<u>(10,621)</u>	<u>9,204</u>	<u>(1,417)</u>
Balance on December 31, 2025	<u>\$ 212,646</u>	<u>\$ (280,653)</u>	<u>\$ (68,007)</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Operating costs	\$ 2,190	\$ 2,911
General and administrative expenses	243	660
Research and development expenses	<u>-</u>	<u>1</u>
	<u>\$ 2,433</u>	<u>\$ 3,572</u>

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the Corporation return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Discount rate(s)	1.35%	1.60%
Expected rate(s) of salary increase	2.00%	2.00%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Discount rate(s)		
0.25% increase	<u>\$ (3,647)</u>	<u>\$ (3,813)</u>
0.25% decrease	<u>\$ 3,750</u>	<u>\$ 3,918</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 3,716</u>	<u>\$ 3,893</u>
0.25% decrease	<u>\$ (3,633)</u>	<u>\$ (3,807)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	2025	2024
Expected contributions to the plans for the next year	<u>\$ 8,459</u>	<u>\$ 6,373</u>
Average duration of the defined benefit obligation	7 years	7 years

### 23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Corporation classified the assets and liabilities of its construction operations and industrial district development projects as current and noncurrent in accordance with the length of the operating cycle of these constructions and projects. The amounts expected to be recovered or settled within 1 year after the reporting period and more than 1 year after the reporting period for related assets and liabilities were as follows:

	<u>December 31, 2025</u>		
	<u>Due Within One Year</u>	<u>Due After One Year</u>	<u>Total</u>
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,812,620	\$ 653,472	\$ 2,466,092
Construction receivables	5,349,503	338,870	5,688,373
Contract assets - current	141,674	4,712,378	4,854,052
Accounts receivable on the development of industrial districts	-	2,034,700	2,034,700
Inventories	92,521	-	92,521
Buildings and land held for sale, net	-	11,070,646	11,070,646
Construction in progress	-	22,822,224	22,822,224
Refundable deposits on construction contracts	<u>113,904</u>	<u>113,886</u>	<u>227,790</u>
	<u>\$ 7,510,222</u>	<u>\$ 41,746,176</u>	<u>\$ 49,256,398</u>
<u>Liabilities</u>			
Trade payables	\$ 5,952,052	\$ 959,836	\$ 6,911,888
Contract liabilities - current	2,587,812	4,131,001	6,718,813
Accounts payable for the development of industrial districts	-	15,963	15,963
Provisions - current	76,177	526,021	602,198
Guarantee deposits on construction contracts	<u>664,415</u>	<u>245,742</u>	<u>910,157</u>
	<u>\$ 9,280,456</u>	<u>\$ 5,878,563</u>	<u>\$ 15,159,019</u>

	<b>December 31, 2024</b>		
	<b>Due Within One Year</b>	<b>Due After One Year</b>	<b>Total</b>
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,719,324	\$ 366,433	\$ 2,085,757
Construction receivables	5,009,511	309,633	5,319,144
Contract assets - current	804,544	3,810,117	4,614,661
Accounts receivable on the development of industrial districts	-	2,359,746	2,359,746
Inventories	199,833	-	199,833
Buildings and land held for sale, net	941,769	10,769,519	11,711,288
Construction in progress	-	16,619,914	16,619,914
Refundable deposits on construction contracts	<u>41,767</u>	<u>38,396</u>	<u>80,163</u>
	<u>\$ 8,716,748</u>	<u>\$ 34,273,758</u>	<u>\$ 42,990,506</u>
<u>Liabilities</u>			
Notes payable	\$ 2,766	\$ -	\$ 2,766
Trade payables	6,142,471	987,068	7,129,539
Contract liabilities - current	2,181,282	4,041,335	6,222,617
Accounts payable for the development of industrial districts	-	17,605	17,605
Provisions - current	28,122	519,519	547,641
Guarantee deposits on construction contracts	<u>588,566</u>	<u>289,890</u>	<u>878,456</u>
	<u>\$ 8,943,207</u>	<u>\$ 5,855,417</u>	<u>\$ 14,798,624</u>

## 24. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Shares authorized (in thousands of shares)	<u>3,000,000</u>	<u>3,000,000</u>
Shares authorized	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>1,607,903</u>	<u>1,530,899</u>
Shares issued	<u>\$ 16,079,041</u>	<u>\$ 15,308,998</u>

On May 29, 2025, the Corporation's shareholders at the annual general meeting resolved to capitalize retained earnings of \$770,043 thousand by issuing ordinary shares with a par value of \$10, which increased the issued and fully paid share capital to \$16,079,041 thousand. The above capitalization of earnings was approved by the Securities and Futures Bureau of the FSC on October 7, 2025, and the board of directors resolved on October 23, 2025, to set November 16, 2025 as the ex-rights date for the capital increase. The registration for capital change was approved by the Ministry of Economic Affairs on December 16, 2025 (Letter No. 11430189690).

b. Capital surplus

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 11,501	\$ 11,501
Treasury share transactions	1,757	1,757
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	10,126	10,126
Changes in net equity of associates accounted for using the equity method	4,094	4,094
Donations	89	89
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	12,535	12,535
Others	<u>56,430</u>	<u>56,430</u>
	<u>\$ 96,532</u>	<u>\$ 96,532</u>

- 1) Capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends, or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Capital surplus may be used to offset a deficit only.

c. Retained earnings and dividend policy

According to the Corporation's Articles of Incorporation, the Corporation distributes share dividends and cash dividends after taking into account its future business needs, capital demand and long-term financial plan. Under the Corporation's Articles of Incorporation, the Corporation should make appropriations from its net income (less any deficit) in the following order:

- 1) Paying for taxes in accordance with the laws and regulations.
- 2) Offsetting losses of previous years.
- 3) 10% as legal reserve; unless legal reserve equals to the Corporation's paid-in capital.
- 4) Setting aside or reversing a special reserve equivalent to the net debit balance of the other components of stockholders' equity.
- 5) Of the remainder, together with any unappropriated earnings of prior years, over 20% should be appropriated as dividends.
- 6) The appropriation of earnings to be allocated for distribution shall depend on the actual earnings and fund level. The board of directors shall propose a plan for the distribution of the remaining undistributed earnings and the shareholders shall resolve such plan in the shareholders' meeting for distribution of dividends and bonus to shareholders. Cash dividends shall not be lower than 10% of total dividends. If the amount of dividend is less than \$0.10 per share, it shall not be distributed as cash dividend but may be distributed as share dividends.

For policies on distribution of remuneration of employees, directors and supervisors before and after the amendment of the Articles, refer to Note 26 (h) employee benefits expense.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2024 and 2023, which had been approved in the Corporation's shareholders' meetings on May 29, 2025 and May 31, 2024, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Legal reserve	\$ <u>73,766</u>	\$ <u>84,805</u>
Cash dividends	\$ <u>-</u>	\$ <u>796,068</u>
Share dividends	\$ <u>770,043</u>	\$ <u>-</u>
Cash dividends per share (NT\$)	\$ -	\$ 0.520
Share dividends per share (NT\$)	\$ 0.503	\$ -

The appropriations of earnings for 2025, which had been proposed by the Corporation's board of directors on March 12, 2026, were as follows:

	<b>For the Year Ended December 31, 2025</b>
Legal reserve	\$ <u>104,832</u>
Share dividends	\$ <u>805,560</u>
Share dividends per share (NT\$)	\$ 0.501

The appropriations of earnings for 2025 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 21, 2026.

d. Special reserve

On first-time adoption of IFRS Accounting Standards, the Corporation appropriated for special reserve, the amounts that were the same as the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which was \$2,466,834 thousand.

If the special reserve appropriated on the first-time adoption of IFRS Accounting Standards relates to investment property other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on disposal or reclassification.

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ (32,882)	\$ (220,686)
Recognized for the year		
Share from associates accounted for using the equity method	(277,010)	189,117
Reclassification adjustment		
Share from the disposal of associates accounted for using the equity method (Note 13)	-	(1,313)
	<u>(277,010)</u>	<u>187,804</u>
Balance on December 31	<u>\$ (309,892)</u>	<u>\$ (32,882)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ (880,216)	\$ (465,089)
Recognized for the year		
Unrealized gain (loss) - equity instruments	35,656	(322,587)
Share from associates accounted for using the equity method	19,973	(92,100)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(403,275)</u>	<u>(440)</u>
Balance on December 31	<u>\$ (1,227,862)</u>	<u>\$ (880,216)</u>

**25. REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Revenue from contracts with customers		
Construction contract revenue	\$ 18,111,658	\$ 22,507,198
Revenue from sell of properties	1,098,371	81,814
Revenue from the rendering of services	153,716	108,884
Other operating revenue	<u>84,056</u>	<u>71,333</u>
	<u>\$ 19,447,801</u>	<u>\$ 22,769,229</u>

## Contract Balances

	December 31, 2025	December 31, 2024	January 1, 2024
Construction receivables	<u>\$ 5,688,373</u>	<u>\$ 5,319,144</u>	<u>\$ 4,034,845</u>
Contract assets			
Deposits under construction contracts for construction receivables	\$ 2,019,662	\$ 2,309,896	\$ 2,167,561
Amounts due from customers for construction contracts	<u>2,834,390</u>	<u>2,304,765</u>	<u>2,770,617</u>
	<u>\$ 4,854,052</u>	<u>\$ 4,614,661</u>	<u>\$ 4,938,178</u>
Contract liabilities			
Amounts due to customers for construction contracts	\$ 5,387,798	\$ 5,677,427	\$ 3,339,726
Pre-construction sale	<u>1,331,015</u>	<u>545,190</u>	<u>202,235</u>
	<u>\$ 6,718,813</u>	<u>\$ 6,222,617</u>	<u>\$ 3,541,961</u>

The credit risk management of contract assets is the same as trade receivables, related information is shown in Note 10.

## 26. NET PROFIT

### a. Interest income

	<u>For the Year Ended December 31</u>	
	2025	2024
Financial assets at amortized cost	\$ 62,375	\$ 41,998
Bank deposits	5,267	7,633
Others	<u>3,813</u>	<u>7,990</u>
	<u>\$ 71,455</u>	<u>\$ 57,621</u>

### b. Other income

	<u>For the Year Ended December 31</u>	
	2025	2024
Rental income	\$ 79,708	\$ 88,496
Dividends	10,634	18,898
Others	<u>263</u>	<u>235</u>
	<u>\$ 90,605</u>	<u>\$ 107,629</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Loan application fee	\$ (128,409)	\$ (100,122)
Net gain on foreign currency exchange	65,651	1,028
Compensation loss	(56,725)	(11,710)
Gain (loss) on disposal of property, plant and equipment	1,894	(1,460)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	497	150
Gain on lease modification	13	-
Value added tax refund	-	102,546
Gain on disposal of investments accounted for using the equity method	-	32,247
Others	<u>29,429</u>	<u>28,424</u>
	<u>\$ 87,650</u>	<u>\$ 51,103</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Interest on bank overdrafts and loans	\$ 242,371	\$ 291,002
Interest expense incurred on contracts with customers	11,572	4,030
Interest on lease liabilities	<u>1,315</u>	<u>913</u>
	<u>\$ 255,258</u>	<u>\$ 295,945</u>

Refer to Note 12 for information about capitalized interest.

e. Depreciation

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
An analysis of amortization by function		
Operating costs	\$ 161,277	\$ 112,014
Operating expenses	<u>23,841</u>	<u>26,308</u>
	<u>\$ 185,118</u>	<u>\$ 138,322</u>

The depreciation of investment properties, which was recognized in other income - rental income, were \$5,379 thousand and \$5,613 thousand in 2025 and 2024, respectively.

f. Operating expenses directly related to investment properties

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Rental income	<u>\$ 2,165</u>	<u>\$ 2,040</u>

g. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term benefits	<u>\$ 1,656,210</u>	<u>\$ 1,424,896</u>
Post-employment benefits		
Defined contribution plan	58,921	52,292
Defined benefit plans	<u>2,433</u>	<u>3,572</u>
	<u>61,354</u>	<u>55,864</u>
Other employee benefits	<u>166,121</u>	<u>150,503</u>
Total employee benefits expense	<u>\$ 1,883,685</u>	<u>\$ 1,631,263</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,669,353	\$ 1,428,455
Operating expenses	<u>214,332</u>	<u>202,808</u>
	<u>\$ 1,883,685</u>	<u>\$ 1,631,263</u>

h. Compensation of employees and remuneration of directors and supervisors

According to the Corporation's Articles, the Corporation accrues compensation of employees and remuneration of directors at the rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Corporation resolved the amendments to the Corporation's Articles at their 2025 regular meeting. The amendments explicitly stipulate that if the Corporation has profit before tax for the year, 3% shall be allocated as compensation of employees, of which 0.75% shall be allocated to non-executive employees, and no more than 2% shall be allocated as remuneration of directors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2025 and 2024, which were approved by the Corporation's board of directors on March 12, 2026 and March 13, 2025, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Compensation of employees	3%	2%
Remuneration of directors and supervisors	2%	2%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 24,955</u>	<u>\$ 18,379</u>
Remuneration of directors and supervisors	<u>\$ 16,637</u>	<u>\$ 18,379</u>

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2025 and 2024 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 27. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Current tax		
In respect of the current year	\$ 144,788	\$ 136,802
Land value increment tax	4,787	335
Adjustments for prior year	<u>(11,934)</u>	<u>3,231</u>
	<u>137,641</u>	<u>140,368</u>
Deferred tax		
In respect of the current year	<u>16,668</u>	<u>24,575</u>
Income tax expense recognized in profit or loss	<u>\$ 154,309</u>	<u>\$ 164,943</u>

A reconciliation of accounting profit and current income tax expense was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Income tax expense calculated at the statutory rate	\$ 158,050	\$ 176,437
Nondeductible expenses in determining taxable income	9,350	11,314
Tax-deductible foreign investment loss	(3,233)	(22,064)
Tax-exempt income	(2,711)	(4,129)
Land value increment tax	4,787	335
Unrecognized deductible temporary differences	-	(181)
Adjustments for prior years' tax	<u>(11,934)</u>	<u>3,231</u>
Income tax expense recognized in profit or loss	<u>\$ 154,309</u>	<u>\$ 164,943</u>

### b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Deferred tax</u>		
In respect of the current year - remeasurement of defined benefit plans	<u>\$ (2,091)</u>	<u>\$ (4,767)</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2025

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized loss on construction	\$ 202,055	\$ 18,971	\$ -	\$ 221,026
Provision for warranties	77,528	7,331	-	84,859
Foreign investments loss accounted for using the equity method	9,930	(8,461)	-	1,469
Unrealized loss on doubtful debts	4,526	-	-	4,526
Others	<u>1,715</u>	<u>2,069</u>	<u>-</u>	<u>3,784</u>
	<u>\$ 295,754</u>	<u>\$ 19,910</u>	<u>\$ -</u>	<u>\$ 315,664</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Provision for land value increment tax	\$ 991,342	\$ -	\$ -	\$ 991,342
Unrealized exchange gains	-	224	-	224
Defined benefit plans	<u>2,410</u>	<u>3,018</u>	<u>2,091</u>	<u>7,519</u>
	<u>\$ 993,752</u>	<u>\$ 3,242</u>	<u>\$ 2,091</u>	<u>\$ 999,085</u>

For the year ended December 31, 2024

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized loss on construction	\$ 203,188	\$ (1,133)	\$ -	\$ 202,055
Provision for warranties	69,147	8,381	-	77,528
Foreign investments loss accounted for using the equity method	-	9,930	-	9,930
Defined benefit plans	5,052	(2,695)	(2,357)	-
Unrealized loss on doubtful debts	4,526	-	-	4,526
Others	378	1,337	-	1,715
Loss carryforwards	<u>5,537</u>	<u>(5,537)</u>	<u>-</u>	<u>-</u>
	<u>\$ 287,828</u>	<u>\$ 10,283</u>	<u>\$ (2,357)</u>	<u>\$ 295,754</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Provision for land value increment tax	\$ 991,342	\$ -	\$ -	\$ 991,342
Foreign investments gain accounted for using the equity method	14,292	(14,292)	-	-
Defined benefit plans	<u>-</u>	<u>-</u>	<u>2,410</u>	<u>2,410</u>
	<u>\$ 1,005,634</u>	<u>\$ (14,292)</u>	<u>\$ 2,410</u>	<u>\$ 993,752</u>

d. Current tax liabilities

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Current tax liabilities		
Income tax payable	<u>\$ 303,270</u>	<u>\$ 165,670</u>

e. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Deductible temporary differences		
Impairment of financial assets	\$ 38,979	\$ 38,979
Impairment of assets	<u>24,608</u>	<u>24,608</u>
	<u>\$ 63,587</u>	<u>\$ 63,587</u>

f. Income tax assessments

The income tax returns through 2023, have been assessed by the tax authorities.

## 28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Basic earnings per share		
From continuing operations	<u>\$ 0.40</u>	<u>\$ 0.45</u>
Diluted earnings per share		
From continuing operations	<u>\$ 0.39</u>	<u>\$ 0.45</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on November 16, 2025. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2024 were as follows:

**Unit: NT\$ Per Share**

	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	<u>\$ 0.47</u>	<u>\$ 0.45</u>
Diluted earnings per share	<u>\$ 0.47</u>	<u>\$ 0.45</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

**Net Profit for the Year**

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Earnings used in the computation of basic earnings per share	<u>\$ 635,940</u>	<u>\$ 717,244</u>

**Weighted Average Number of Ordinary Shares Outstanding**

**(In Thousands of Shares)**

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	1,607,904	1,607,904
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>2,259</u>	<u>1,974</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,610,164</u>	<u>1,609,878</u>

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

**29. CAPITAL MANAGEMENT**

The Corporation's capital management strategies, the Corporation plans for future working capital needs, research and development expenses and shareholder expenses based on the current overall economic environment, industry characteristics and future development, to ensure that the Corporation would be able to continue as going concerns with long-term shareholders' equity and stable operating performance as goal, and to maximize shareholders' equity.

Management regularly reviews the capital structure and considers the costs and risks involved in different capital structures. The Corporation adopts the conservative risk management strategy by consideration of the industry scale, industry growth and future product roadmaps.

### 30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

As of December 31, 2025 and 2024, there were no significant differences between the carrying amount and fair value of financial instruments not measured at fair value of the Corporation.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>10,047</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,047</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 1,422,201	\$ -	\$ -	\$ 1,422,201
Unlisted shares	-	113,806	-	113,806
Foreign unlisted shares	<u>-</u>	<u>23,800</u>	<u>-</u>	<u>23,800</u>
	<u>\$ 1,422,201</u>	<u>\$ 137,606</u>	<u>\$ -</u>	<u>\$ 1,559,807</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>9,473</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,473</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 2,017,796	\$ -	\$ -	\$ 2,017,796
Unlisted shares	-	116,025	-	116,025
Foreign unlisted shares	<u>-</u>	<u>40,742</u>	<u>-</u>	<u>40,742</u>
	<u>\$ 2,017,796</u>	<u>\$ 156,767</u>	<u>\$ -</u>	<u>\$ 2,174,563</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted shares	Transaction method of market approach. The approach is a valuation strategy that looks at market ratios of companies with similar profitability at the end of the reporting periods, while taking the liquidity premium into consideration.
Foreign unlisted shares	Transaction method of market approach. The approach is a valuation strategy that looks at market ratios of companies with similar profitability at the end of the reporting periods, while taking the liquidity premium into consideration.
Others	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the year.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The unlisted equity investment is evaluated using asset-based approach method to calculate the present value of expected gain on investment.

c. Categories of financial instruments

	<u>December 31</u>	
	2025	2024
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 10,047	\$ 9,473
Financial assets at amortized cost (Note 1)	13,147,666	13,484,952
Financial assets at FVTOCI		
Equity instruments	1,559,807	2,174,563
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	33,232,912	31,892,372

Note 1: The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, construction receivables, refundable deposits on construction contracts, other receivables (included in other current assets) and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, trade payables, guarantee deposits on construction contracts, long-term borrowings (expired in one year) and guarantee deposits received.

d. Financial risk management objectives and policies

The Corporation's major financial instruments included equity and debt investments, trade receivables, construction receivables, accounts receivable on the development of industrial districts, notes payable, trade payables, borrowings and lease liabilities. The Corporation's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal

risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Corporation is mainly exposed to the RMB and HKD.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in pre-tax equity when New Taiwan dollar strengthened by 5% against the relevant currency. For a 5% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax equity and the balances below would be negative.

	<b>RMB Impact</b>		<b>HKD Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Equity	\$ 45,583	\$ 44,800	\$ 31,696	\$ 86,091

b) Interest rate risk

The Corporation is exposed to interest rate risk because the Corporation borrow funds at both fixed and floating interest rates.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Fair value interest rate risk		
Financial assets	\$ 2,853,988	\$ 2,503,197
Financial liabilities	2,250,301	2,893,808
Cash flow interest rate risk		
Financial assets	4,236,730	5,431,221
Financial liabilities	22,904,069	20,679,399

The Corporation was exposed to fair value interest rate risk in relation to fixed-rate certificates of deposit, corporate bonds issued, short-term bills payable and lease liabilities.

The Corporation was also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. The Corporation's cash flow interest rate risk is mainly concentrated in the fluctuation of the benchmark interest rate arising from the Corporation's New Taiwan dollar denominated borrowings.

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2025 and 2024 would decrease by \$186,673 thousand and \$152,482 thousand, respectively. The Corporation's sensitivity to interest rates increased during the current period mainly due to the increase in variable rate borrowings.

#### c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities.

#### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If the equity prices had been 5% higher, the Corporation's pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased by \$77,990 thousand and \$108,728 thousand, respectively.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. At the end of the year, the Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation due to the failure of the counterparty to discharge its obligation by the counterparties or the financial guarantees provided by the Corporation, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the condensed balance sheets.
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Corporation adopted a policy of only dealing with creditworthy counterparties. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

### 3) Liquidity risk

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

The Corporation relies on bank borrowings and short-term bills payable as a significant source of liquidity. As of December 31, 2025 and 2024, the Corporation had available unutilized short-term bank loan facilities were shown as below:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 6,558,001	\$ 6,061,139
Amount unused	<u>3,529,999</u>	<u>4,727,434</u>
	<u>\$ 10,088,000</u>	<u>\$ 10,788,573</u>
Secured bank overdraft facilities:		
Amount used	\$ 18,456,691	\$ 17,416,006
Amount unused	<u>6,746,000</u>	<u>8,334,600</u>
	<u>\$ 25,202,691</u>	<u>\$ 25,750,606</u>

#### Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the year.

#### December 31, 2025

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 1,698,996	\$ 2,814,350	\$ 1,438,707	\$ 953,158	\$ 6,678
Lease liabilities	2.100-2.950	5,485	10,648	41,974	77,997	15,062
Variable interest rate liabilities	2.365-3.500	2,056,290	3,472,186	2,794,617	15,513,095	8,102
Fixed interest rate liabilities	2.770-3.462	<u>1,385,100</u>	<u>729,700</u>	-	-	-
		<u>\$ 5,145,871</u>	<u>\$ 7,026,884</u>	<u>\$ 4,275,298</u>	<u>\$ 16,544,250</u>	<u>\$ 29,842</u>

December 31, 2024

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 2,104,149	\$ 3,342,421	\$ 698,667	\$ 813,968	\$ 173,100
Lease liabilities	2.100-2.780	4,814	9,313	29,020	42,200	16,961
Variable interest rate liabilities	2.300-3.312	880,949	2,995,422	3,898,771	13,670,487	31,557
Fixed interest rate liabilities	2.420-3.212	<u>1,423,300</u>	<u>1,382,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 4,413,212</u>	<u>\$ 7,729,156</u>	<u>\$ 4,626,458</u>	<u>\$ 14,526,655</u>	<u>\$ 221,618</u>

### 31. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Corporation and related parties were disclosed below:

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
China Petrochemical Development Corporation	Legal directors of the Corporation and its subsidiaries
Yunheyue Agriculture Co., Ltd.	Related party in substance
Sheen Chuen-Chi Cultural & Educational Foundation	Related party in substance
Core Pacific Marketing Corporation	Related party in substance
HRDD Logistics Co., Ltd.	Related party in substance (Note)
Core Pacific City Co., Ltd.	Related party of the Corporation
Glory Construction Co., Ltd.	Related party of the Corporation
Cheng Yao Enterprise Co., Ltd.	Related party of the Corporation
Agora Garden Co., Ltd.	Related party of the Corporation
Tsou Seen Chemical Industries Corporation	Subsidiary of legal directors of the Corporation
BES Twin Towers Development Co., Ltd.	Subsidiary of legal directors of the Corporation
Ding Yue Development Co., Ltd.	Subsidiary of legal directors of the Corporation
Chung Kung Safeguarding & Security Corp.	Subsidiary
Chung Kung Management Consultant Co., Ltd.	Subsidiary
Chung Kung Management and Maintenance of Apartment Co., Ltd.	Subsidiary
Cinemark-Core Pacific, Ltd.	Subsidiary
Core Asia Human Resources Management Co., Ltd.	Subsidiary
Elite Human Resources Management Co., Ltd.	Subsidiary
Huading Enterprise Co., Ltd.	Subsidiary

Note: HRDD Logistics Co., Ltd. was an associate until July 30, 2024.

b. Trading transactions and other transactions with related parties

Line Items	Related Party Categories	December 31	
		2025	2024
Operating revenue	Subsidiaries	\$ <u>1</u>	\$ <u>311</u>
Operating costs	Subsidiaries	\$ 144,913	\$ 128,186
	Related parties of the Corporation	<u>3,192</u>	<u>3,209</u>
		\$ <u>148,105</u>	\$ <u>131,395</u>
Operating expenses	Related parties of the Corporation	\$ 7,439	\$ 8,524
	Related parties in substance	7,101	11,097
	Subsidiaries	6,403	7,311
	Legal directors of the Corporation	<u>-</u>	<u>85</u>
		\$ <u>20,943</u>	\$ <u>27,017</u>

The prices and terms of the transactions with related parties are determined based on the contracts.

c. Receivables from related parties

Line Items	Related Party Categories	December 31	
		2025	2024
Construction receivables	Legal directors of the Corporation	\$ <u>-</u>	\$ <u>150,745</u>
Other receivables (included in other current assets)	Subsidiaries	\$ 7,576	\$ 5,365
	Related parties of the Corporation	1,625	1,625
	Related parties in substance	<u>-</u>	<u>647</u>
		\$ <u>9,201</u>	\$ <u>7,637</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2025 and 2024, no impairment loss was recognized for trade receivables from related parties.

d. Payables to related parties

Line Items	Related Party Categories	December 31	
		2025	2024
Trade payables	Subsidiaries	\$ <u>15,204</u>	\$ <u>12,073</u>
Accrued expenses	Subsidiaries	\$ 3,762	\$ 1,386
	Related parties of the Corporation	965	965
	Legal directors of the Corporation	<u>650</u>	<u>-</u>
		\$ <u>5,377</u>	\$ <u>2,351</u>

The outstanding trade payables from related parties are unsecured and will be settled in cash.

- e. Prepayments (included in other current assets)

<b>Related Party Categories</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Related parties in substance	<u>\$ 366,784</u>	<u>\$ 278,966</u>

- f. Contract liabilities

The contract liabilities as of December 31, 2025 and 2024, respectively, were as follows:

December 31, 2025

<b>Related Party Name</b>	<b>Engineering Code</b>	<b>Total Amount of Construction</b>	<b>Contract Liabilities</b>
China Petrochemical Development Corporation	A6E	<u>\$ 1,528,593</u>	<u>\$ _____ -</u>

December 31, 2024

<b>Related Party Name</b>	<b>Engineering Code</b>	<b>Total Amount of Construction</b>	<b>Contract Liabilities</b>
China Petrochemical Development Corporation	A6E	<u>\$ 1,528,593</u>	<u>\$ _____ -</u>

The construction contracts and engineering payment conditions with related parties were made at terms comparable to those with similar unrelated parties.

- g. Lease arrangements

<b>Related Party Name</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Lease liabilities</u>		
Glory Construction Co., Ltd.	\$ 27,403	\$ 6,389
Yunheyue Agriculture Co., Ltd.	17,092	18,053
China Petrochemical Development Corporation	<u>16,726</u>	<u>2,465</u>
	<u>\$ 61,221</u>	<u>\$ 26,907</u>

<b>Related Party Name</b>	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Interest expenses</u>		
Yunheyue Agriculture Co., Ltd.	\$ 423	\$ 446
Glory Construction Co., Ltd.	413	257
China Petrochemical Development Corporation	<u>390</u>	<u>135</u>
	<u>\$ 1,226</u>	<u>\$ 838</u>

h. Acquisition of financial assets

For the year ended December 31, 2024

<b>Related Party Name</b>	<b>Line Item</b>	<b>Number of Shares</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
Agora Garden Co., Ltd.	Financial assets at amortized cost - non-current	-	<u>Bonds</u> Agora Garden Co., Ltd.	<u>\$ 600,000</u>

i. Loans to related parties

As of December 31, 2025, the receivable and interest receivable of the Corporation from related party in substance HRDD Logistics Co., Ltd. were \$21,550 thousand and \$1,078 thousand, respectively. After evaluating the operating condition and the probability of collecting the accounts of the HRDD Logistics Co., Ltd., the Corporation recorded an allowance for doubtful accounts of \$22,628 thousand for the above-mentioned in September 2022.

j. Other transactions with related parties

Interest income, rental revenue and other income were as follows:

<b>Related Party Categories</b>	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Related parties of the Corporation	\$ 40,583	\$ 25,058
Subsidiaries of legal directors of the Corporation	21,328	21,281
Related parties in substance	7,684	7,655
Legal directors of the Corporation	5,664	5,664
Subsidiaries	<u>3,340</u>	<u>3,317</u>
	<u>\$ 78,599</u>	<u>\$ 62,975</u>

The transactions with related parties were made at prices and terms comparable to those for similar transactions with unrelated parties. That is, the prices and terms for sales and purchases as well as conditions for warranties, payment and other transactions with related parties were similar to those for transactions with unrelated parties. Other receivables from related parties generated from the rent receivables and interest income.

Refundable deposits by related parties

<b>Related Party Categories</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Related parties of the Corporation	\$ 637	\$ 637
Related parties in substance	<u>238</u>	<u>238</u>
	<u>\$ 875</u>	<u>\$ 875</u>

Guarantee deposits received by related parties

<b>Related Party Categories</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Subsidiaries	\$ <u>56</u>	\$ <u>56</u>

Other payables (included in other current liabilities) by related parties

<b>Related Party Categories</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Subsidiaries of legal directors of the Corporation	\$ <u>28,571</u>	\$ <u>28,571</u>

k. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 42,143	\$ 45,249
Post-employment benefits	<u>-</u>	<u>1,298</u>
	\$ <u>42,143</u>	\$ <u>46,547</u>

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

**32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

The following assets had been mortgaged as collateral for long- and short-term bank loans, short-term bills payable, performance guarantees, construction warranties and lawsuits:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Financial assets at FVTOCI - current	\$ -	\$ 647,460
Financial assets at amortized cost - current	4,934,346	4,726,572
Buildings and land held for sale, net	9,773,419	11,582,053
Construction in progress	1,244,634	1,244,634
Financial assets at FVTOCI - non-current	965,811	1,345,050
Property, plant and equipment, net	2,813,086	1,689,454
Investment properties, net	<u>799,803</u>	<u>789,154</u>
	\$ <u>20,531,099</u>	\$ <u>22,024,377</u>

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

On January 6, 2025, the Corporation received a letter from the Taipei City Government's Department of Rapid Transit Systems, First Engineering Office, regarding the damage investigation of the New Taipei Circular Line caused by the Hualien earthquake on April 3, 2024. The letter requested compensation for disaster and business losses amounting to NT\$1.927 billion. On January 10, 2025, the Corporation responded to the Taipei City Government's Department of Rapid Transit Systems, First Engineering Office, asserting that there were still various issues in the investigation report that needed to be re-examined. Furthermore, on February 17, 2025, the Corporation held a press conference to explain its principles and stance, stating that it would resume discussions and negotiations with the Taipei City Government's Department of Rapid Transit Systems and the New Taipei City Government after clarifying the facts and assigning responsibility. The matter is intended to be resolved through judicial proceedings. On March 27, 2025, the Taipei City Government and the New Taipei City Government each filed a lawsuit against the Corporation. The Corporation received the statement of claim on May 2, 2025, and received notices from the Civil Division of the Taipei District Court on May 5 and July 23, 2025. The case is currently under ongoing trial by the Taipei District Court. As of March 12, 2026, the case has not had a material impact on the Corporation's operations.

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2025

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Non-monetary items			
Investments accounted for using the equity method			
RMB	\$ 202,772	4.496 (RMB:NTD)	\$ 911,661
HKD	156,990	4.038 (HKD:NTD)	633,925

December 31, 2024

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Non-monetary items			
Investments accounted for using the equity method			
RMB	\$ 200,088	4.478 (RMB:NTD)	\$ 895,996
HKD	407,821	4.222 (HKD:NTD)	1,721,821

For the years ended December 31, 2025 and 2024, realized and unrealized net foreign exchange gains were \$65,651 thousand and \$1,028 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Corporation.

### 35. OTHER ITEMS

Regarding the investigation result of “the renovation turnkey project of Gongguan military installations and camps” which is contracted by the Corporation, Taiwan New Taipei District Court Prosecutors Office prosecuted against the former chairman of the Corporation, Shen Jun, and the other two individuals in accordance with the Securities and Exchange Act and Anti-Corruption Act. For this reason, the Ministry of National Defense sent a letter to recover the bid bond of \$50,000 thousand for the “the renovation turnkey project of Gongguan military installations and camps” on September 30, 2021, and the amount of compensation was recognized in other losses (included in other gains and losses) and paid on October 18, 2021. In order to ensure that the rights and interests were not infringed, the Corporation filed a lawsuit for damages and other remedies in the Taipei District Court of Taiwan on October 21, 2021 against the former chairman of the Corporation, Shen Jun, and the other two individuals. However, the financial and business operations have not been significantly affected by the aforementioned events. As of March 12, 2026, the case is still pending in the court.

On October 12, 2023, the Corporation entered into a letter of intent to pre-purchase buildings and parking spaces with Cloud Network Technology Singapore Pte. Ltd. at a total transaction price of approximately \$7,549,580 thousand. As of March 12, 2026, no sale contracts had yet been executed for the above transaction. The Corporation had received an earnest deposit of \$337,479 thousand (included in guarantee deposits received).

### 36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others. (Table 2)
- 2) Endorsements/guarantees provided. (Table 3)
- 3) Significant marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 4)
- 4) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 5)
- 5) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Non-applicable)

b. Information on investees (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (Non-applicable)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (Non-applicable)
  - c) The amount of property transactions and the amount of the resultant gains or losses. (Non-applicable)
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 3)
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. (Non-applicable)
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (Non-applicable)

**BES ENGINEERING CORPORATION**

**CONTRACT ASSETS, CONTRACT LIABILITIES AND AMOUNTS DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024  
(In Thousands of New Taiwan Dollars)**

Contract assets - amounts due from customers for construction contracts

December 31, 2025

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Assets
A8B	2030	\$ 11,522,636	\$ 11,384,218	\$ 7,257,247	44.40	\$ 61,456	\$ 5,432,061	\$ 1,825,186
B0B	2026	5,780,516	5,351,740	2,333,133	32.07	137,517	1,888,153	444,980
A5C	2026	4,237,104	4,519,579	3,938,982	85.47	(282,475)	3,694,126	244,856
A6B	2026	3,567,204	3,705,073	2,941,093	78.08	(137,869)	2,846,901	94,192
B0A	2027	4,764,505	4,415,107	2,688,683	53.16	185,733	2,613,251	75,432
B3C	2029	21,980,000	20,455,784	475,747	1.85	28,198	406,731	69,016
B2D	2030	4,285,714	3,987,123	270,779	5.32	15,897	228,159	42,620
A6D	2025	2,951,138	2,817,995	2,983,223	100.00	133,143	2,951,137	32,086
B1E	2026	1,944,445	1,798,418	1,246,112	63.93	93,355	1,243,082	3,030
A6E	2026	<u>152,100</u>	<u>138,747</u>	<u>108,559</u>	<u>69.41</u>	<u>9,268</u>	<u>105,567</u>	<u>2,992</u>
		<u>\$ 61,185,362</u>	<u>\$ 58,573,784</u>	<u>\$ 24,243,558</u>		<u>\$ 244,223</u>	<u>\$ 21,409,168</u>	<u>\$ 2,834,390</u>

December 31, 2024

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Assets
A8B	2025	\$ 11,221,604	\$ 10,650,417	\$ 5,967,607	36.74	\$ 210,944	\$ 4,403,981	\$ 1,563,626
A5C	2024	4,126,796	4,274,521	3,426,479	73.09	(147,119)	3,123,607	302,872
B0B	2029	5,854,843	5,420,411	1,722,270	25.58	111,849	1,503,450	218,820
B1C	2026	4,552,588	4,180,824	3,608,956	77.34	289,970	3,520,744	88,212
A7D	2026	2,486,680	2,486,636	2,527,494	100.00	105,106	2,486,681	40,813
A6B-1	2025	3,404,027	3,543,586	2,801,090	80.00	(139,073)	2,763,499	37,591
B3C	2030	21,980,000	20,798,095	117,762	0.42	4,681	92,234	25,528
A6D	2024	2,951,138	2,817,992	2,973,178	100.00	133,143	2,951,137	22,041
B1E	2026	1,944,445	1,799,068	582,332	29.68	43,779	577,108	5,224
A6E-1	2031	<u>148,800</u>	<u>135,678</u>	<u>84,839</u>	<u>56.99</u>	<u>7,514</u>	<u>84,801</u>	<u>38</u>
		<u>\$ 58,670,921</u>	<u>\$ 56,107,228</u>	<u>\$ 23,812,007</u>		<u>\$ 620,794</u>	<u>\$ 21,507,242</u>	<u>\$ 2,304,765</u>

(Continued)

Contract liabilities - amounts due to customers for construction contracts

December 31, 2025

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Liabilities
A9A	2029	\$ 14,684,062	\$ 13,684,385	\$ 6,656,760	49.88	\$ 498,679	\$ 7,707,935	\$ 1,051,175
A7B-1	2031	11,604,389	10,834,146	5,473,849	51.29	395,027	6,266,090	792,241
B1C	2026	5,707,641	5,242,196	4,395,603	85.55	398,165	4,882,612	487,009
A7A	2025	4,771,851	4,473,833	4,014,535	86.95, 98.08	272,884	4,416,758	402,223
B1F	2026	1,123,281	1,038,951	637,452	83.31	70,251	937,283	299,831
A8F-2	2025	1,723,809	1,593,885	1,417,376	98.47	127,935	1,697,413	280,037
B0C	2026	3,113,524	2,882,766	2,499,973	88.15	203,420	2,755,720	255,747
A8C	2025	9,568,842	8,733,983	9,422,580	100.00	834,859	9,655,210	232,630
B1D	2029	4,982,806	4,753,035	3,467,038	72.38	166,301	3,698,400	231,362
B3B	2025	784,902	773,099	576,631	98.80	11,661	775,453	198,822
B1B-2	2026	3,332,011	3,224,442	1,016,138	36.25	38,998	1,207,988	191,850
A8F-1	2025	4,613,496	4,347,032	4,391,659	98.92	263,594	4,569,225	177,566
B1B-1	2026	5,131,213	4,965,540	1,258,459	27.93	46,274	1,433,202	174,743
A6C	2025	3,673,800	3,759,179	3,546,816	100.00	(85,379)	3,673,800	126,984
A7F	2025	3,759,565	3,461,133	3,658,875	100.00	298,432	3,759,564	100,689
A7B-2	2028	610,089	518,430	154,184	38.56	35,342	235,238	81,054
B2A	2029	4,304,512	3,982,235	780,820	18.01	58,026	859,329	78,509
B1H-1	2027	6,033,376	5,576,546	4,380,458	73.54	335,953	4,436,933	56,475
A6E-2	2025	2,182,693	2,035,621	2,130,240	97.70, 100.00	144,668	2,167,653	37,413
B3E	2031	7,829,267	7,166,657	132,272	2.16	14,319	169,223	36,951
B1H-2	2025	65,948	60,971	31,606	89.45	4,452	58,989	27,383
B2E	2027	4,463,211	4,131,166	1,469,487	33.52	111,295	1,489,829	20,342
93C	2025	711,143	850,235	675,960	97.47	(139,092)	693,668	17,708
A0B	2025	13,981,711	16,052,869	14,139,759	100.00	(2,071,158)	14,152,326	12,567
A8F-3	2025	226,170	154,444	213,912	100.00	71,726	226,170	12,258
B3D	2029	8,585,565	8,203,702	447,346	5.26	20,086	451,575	4,229
A4C	2025	758,642	809,934	758,642	100.00	(51,292)	758,642	-
A6F	2025	1,763,885	1,496,869	-	100.00	267,016	-	-
A7C	2025	2,079,969	1,932,516	2,079,045	99.96	147,388	2,079,045	-
A7E	2025	1,068,776	969,507	-	100.00	99,269	-	-
A7D	2025	2,527,871	2,429,682	2,527,872	100.00	98,189	2,527,872	-
		13,768,020	130,138,989	82,355,347		2,687,288	87,743,145	5,387,798
750		-	-	23,705,307		-	23,705,307	-
		<u>\$ 135,768,020</u>	<u>\$ 130,138,989</u>	<u>\$ 106,060,654</u>		<u>\$ 2,687,288</u>	<u>\$ 111,448,452</u>	<u>\$ 5,387,798</u>

(Continued)

December 31, 2024

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Liabilities
A7B	2031	\$ 11,777,390	\$ 10,940,379	\$ 3,931,481	40.51, 38.56	\$ 337,247	\$ 5,115,090	\$ 1,183,609
A9A	2029	13,592,098	12,652,509	5,226,263	42.04	394,994	6,046,136	819,873
A7A	2025	4,630,395	4,337,085	3,184,826	94.08	217,087	3,637,845	453,019
A8C	2024	9,383,059	8,859,090	8,963,082	99.95	523,686	9,379,773	416,691
B1D	2029	4,870,455	4,640,337	2,640,774	60.16	138,430	3,017,768	376,994
B1B-1	2026	5,131,213	4,966,140	487,648	16.57	27,351	850,176	362,528
B1B-2	2027	3,332,011	3,225,182	127,793	14.37	15,346	478,642	350,849
B3B	2025	758,552	747,099	488,099	93.08	10,660	706,061	217,962
A8F-2	2025	1,723,810	1,620,381	966,066	68.58	89,591	1,182,160	216,094
A8F-1	2024	4,340,697	3,844,242	4,055,799	97.57	252,925	4,242,270	186,471
A7F	2024	3,718,294	3,510,802	3,537,177	100.00	207,492	3,718,293	181,116
A6E	2025	2,176,093	2,073,001	2,002,449	99.37, 100.00, 100.00, 56.99	102,759	2,172,013	169,564
B0C	2025	3,078,527	2,846,293	1,809,851	63.45	147,355	1,974,619	164,768
B1F	2025	1,032,941	953,538	306,939	39.70	31,520	411,279	104,340
B2E	2027	4,428,967	4,096,517	490,756	13.40	44,535	592,979	102,223
B2A	2029	4,303,661	3,978,051	351,818	8.24	26,827	440,299	88,481
A6C	2024	3,617,519	3,703,711	3,532,738	100.00	(86,192)	3,617,519	84,781
B1H-1	2026	5,840,421	5,394,195	2,869,020	49.68	221,667	2,901,301	32,281
A7E	2024	1,068,776	997,530	1,036,753	100.00	71,246	1,068,776	32,023
B2D	2030	4,285,714	3,982,544	87,075	2.78	8,416	118,953	31,878
A7C	2024	2,079,969	1,958,592	2,052,988	99.96	121,324	2,079,045	26,057
93C	2024	711,143	850,234	675,960	97.47	(139,091)	693,668	17,708
B1H-2	2025	65,948	60,903	15,974	45.19	2,280	29,803	13,829
A0B	2024	14,150,183	16,221,372	14,137,483	100.00	(2,071,189)	14,150,183	12,700
A8F-3	2024	226,170	208,076	213,912	100.00	71,726	226,170	12,258
B0A	2026	4,703,886	4,354,206	1,934,919	39.90	139,519	1,943,686	8,767
A6F	2024	1,763,885	1,498,084	1,755,763	100.00	265,801	1,763,885	8,122
B3D	2029	8,585,565	8,198,263	24,606	0.32	1,220	27,047	2,441
A4C	2024	758,642	810,857	758,642	100.00	(52,215)	758,642	-
A6B-2	2024	3,485,574	3,050,565	-	100.00	435,009	-	-
		129,621,558	124,579,778	67,666,654		1,557,326	73,344,081	5,677,427
750		-	-	22,870,469		-	22,870,469	-
		<u>\$ 129,621,558</u>	<u>\$ 124,579,778</u>	<u>\$ 90,537,123</u>		<u>\$ 1,557,326</u>	<u>\$ 96,214,550</u>	<u>\$ 5,677,427</u>

(Concluded)

## BES ENGINEERING CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Financing Limit for Each Borrowing Company (Note 1)	Ending Balance (Note 1)	Actual Used	Interest Rate	Financing Properties (Note 2)	Financing Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Limit for Each Counterparty	Financing Company's Financing Amount Limits	Note
													Item	Value			
0	BES Engineering Corporation	HRDD Logistics Co., Ltd.	Accounts receivable - related party	Y	\$ 21,550	\$ 21,550	\$ 21,550	5	b.	\$ -	Business revolving fund	\$ 21,550	-	\$ -	\$ 903,952 (4% of BES Engineering Corporation's net equity)	\$ 9,039,519 (40% of BES Engineering Corporation's net equity)	
1	Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	Accounts receivable - related party	Y	15,000	15,000	-	3.5	b.	-	Business revolving fund	-	-	-	36,224 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	36,224 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	
		Chung Kung Management and Maintenance of Apartment Co., Ltd.	Accounts receivable - related party	Y	15,000	15,000	-	3.5	b.	-	Business revolving fund	-	-	-	36,224 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	36,224 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	
2	Cinemark-Core Pacific, Ltd.	Agora Garden Co., Ltd.	Other receivable	Y	110,000	95,000	95,000	3.5-3.8	b.	-	Business revolving fund	-	Real estate and marketable securities	123,804	95,693 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	95,693 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	Note 3
3	Core Pacific World Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Other receivable - related party	Y	10,000	10,000	7,000	3.5	b	-	Business revolving fund	-	-	-	377,170 (30% of Core Pacific World Co., Ltd.'s net equity)	377,170 (30% of Core Pacific World Co., Ltd.'s net equity)	
		Core Pacific Marketing Corporation	Other receivable - related party	Y	26,000	26,000	-	3.5	b	-	Business revolving fund	-	Stock	15,169	377,170 (30% of Core Pacific World Co., Ltd.'s net equity)	377,170 (30% of Core Pacific World Co., Ltd.'s net equity)	
4	Chung Kung Management Consultant Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Accounts receivable - related party	Y	7,000	7,000	5,000	3.5	b	-	Business revolving fund	-	-	-	8,851 (40% of Chung Kung Management Consultant Co., Ltd.'s net equity)	8,851 (40% of Chung Kung Management Consultant Co., Ltd.'s net equity)	

Note 1: Financing limits approved by the board of directors.

Note 2: Reasons for financing are as follows:

- a. Business relationship.
- b. The need for short-term financing.

Note 3: The outstanding balance of loans extended by Cinemark-Core Pacific, Ltd. to Agora Garden Co., Ltd. amounted to NT\$95,000 thousand, which has exceeded the original agreed term. Cinemark-Core Pacific, Ltd. has formulated an improvement plan and reported it to the supervisors, and will include the subsequent implementation status in the regular monitoring and control by the Board of Directors.

## BES ENGINEERING CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	Hua Cheng Consulting (Changshu) Co., Ltd.	BES Engineering Corporation	An investee in which parent corporation and its subsidiaries hold directly and indirectly over 50% of an equity interest.	\$ 1,252,004 (Note 2)	\$ 318,094	\$ 318,094	\$ 260,000	\$ 318,094	63.52	\$ 1,502,404 (Note 7)	-	Y	-	
2	Core Pacific Consulting (Changshu) Co., Ltd.	BES Engineering Corporation	An investee in which parent corporation and its subsidiaries hold directly and indirectly over 50% of an equity interest.	1,248,409 (Note 3)	318,094	318,094	260,000	318,094	63.70	1,498,091 (Note 8)	-	Y	-	
3	Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	A subsidiary in which parent corporation holds directly and indirectly over 50% of an equity interest.	226,401 (Note 4)	25,000	-	-	-	-	271,681 (Note 9)	Y	-	-	
		Chung Kung Management and Maintenance of Apartment Co., Ltd.	A subsidiary in which parent corporation holds directly and indirectly over 50% of an equity interest.	226,401 (Note 4)	25,000	-	-	-	-	271,681 (Note 9)	Y	-	-	
4	BES Investment Company Ltd.	BES Engineering Corporation	An investee in which parent corporation and its subsidiaries hold directly and indirectly over 50% of an equity interest.	1,267,850 (Note 5)	973,650	35,259	35,259	35,259	5.56	1,584,812 (Note 10)	-	Y	-	
5	Core Pacific World Co., Ltd.	BES Engineering Corporation	An investee in which parent corporation and its subsidiaries hold directly and indirectly over 50% of an equity interest.	3,143,082 (Note 6)	220,500	-	-	-	-	3,771,698 (Note 11)	-	Y	-	

Note 1: The use of "Y" represents endorsements provided on behalf of entities located in mainland China.

Note 2: The limit on the endorsement for each counterparty is equal to 250% of Hua Cheng Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 3: The limit on the endorsement for each counterparty is equal to 250% of Core Pacific Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 4: The limit on the endorsement for each counterparty is equal to 250% of Chung Kung Safeguarding & Security Corp.'s net equity as shown in its latest financial statements.

Note 5: The limit on the endorsement for each counterparty is equal to 200% of BES Investment Company Ltd.'s net equity as shown in its latest financial statements.

Note 6: The limit on the endorsement for each counterparty is equal to 250% of Core Pacific World Co., Ltd.'s net equity as shown in its latest financial statements.

Note 7: The limit on the endorsement for each counterparty is equal to 300% of Hua Cheng Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 8: The limit on the endorsement for each counterparty is equal to 300% of Core Pacific Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 9: The limit on the endorsement for each counterparty is equal to 300% of Chung Kung Safeguarding & Security Corp.'s net equity as shown in its latest financial statements.

Note 10: The limit on the endorsement for each counterparty is equal to 250% of BES Investment Company Ltd.'s net equity as shown in its latest financial statements.

Note 11: The limit on the endorsement for each counterparty is equal to 300% of Core Pacific World Co., Ltd.'s net equity as shown in its latest financial statements.

## BES ENGINEERING CORPORATION AND SUBSIDIARIES

## SIGNIFICANT MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

No.	Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
					Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
0	BES Engineering Corporation	China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - non-current	183,037,540	\$ 1,422,201	4.84	\$ 1,422,201	Note 1
		Century Development Corporation	-	Financial assets at FVTOCI - non-current	10,909,962	85,752	3.03	85,752	Note 1
		HRDD Logistics Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	5,293,514	23,800	11.14	23,800	Note 1
		Overseas Investment & Development Corporation	-	Financial assets at FVTOCI - non-current	2,600,000	28,054	2.89	28,054	Note 1
		Agora Garden Co., Ltd.	Related party of the Corporation	Financial assets at amortized cost - non-current	-	600,000	-	600,000	Note 2
1	Core Pacific World Co., Ltd.	China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - current	30,649,620	238,148	0.81	238,148	Note 1

Note 1: Market values of domestic and foreign listed shares were based on the closing prices as of December 31, 2025; values of unlisted shares were determined by using the fair value measurement as of December 31, 2025.

Note 2: Bonds.

Note 3: This table presents the marketable securities disclosed by the Corporation based on the materiality principle.

**BES ENGINEERING CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
BES Engineering Corporation	Chung Kung Safeguarding & Security Corp.	Subsidiary of the Corporation	Construction cost	\$ 111,518	0.62	-	\$ -	-	\$ (13,978)	0.20	

## BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
BES Engineering Corporation	Core Pacific World Co., Ltd. BES Investment Company Ltd.	Taipei, Taiwan	Makes investments	\$ 1,530,254	\$ 1,530,254	115,956,500	99.96	\$ 1,256,761	\$ (23,076)	\$ (23,067)	Investee is a subsidiary
		Unit 1607, 16th Floor, Fortress Tower, 250 King's Road, North Point, Hong Kong	Overseas construction and equipment sale	901,476	1,807,467	30,723,800	100.00	633,925	30,098	30,098	Investee is a subsidiary
	BES Logistics International Co., Ltd. Core Asia Human Resources Management Co., Ltd.	Republic of Mauritius	Makes investments	348,278	348,278	13,995,389	100.00	676,934	7,589	7,589	Investee is a subsidiary
		Taipei, Taiwan	Consultancy on business administration and investments	60,000	60,000	6,000,000	100.00	94,168	8,328	8,267	Investee is a subsidiary
	Chung Kung Safeguarding & Security Corp.	Taipei, Taiwan	Security and related services	38,127	38,127	3,880,000	64.67	58,567	11,404	7,375	Investee is a subsidiary
	Cinemark-Core Pacific, Ltd.	Taipei, Taiwan	Reality technology services and live house	315,380	315,380	29,455,180	91.76	219,522	(40,996)	(37,618)	Investee is a subsidiary
	BES Construction Corporation (U.S.A.)	141 Bennington Court McDonough, Georgia 30253, U.S.A.	Develops lands for investments	259,562	259,562	8,509	91.79	28,536	637	584	Investee is a subsidiary
BA & BES Contracting (L.L.C.) BESM Holding Co., Ltd.	P.O. Box 92237, Dubai-UAE	Engineering and construction	10,696	10,696	1,200,000	40.00	-	-	-	-	
		Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Holds investments	162,163	162,163	5,075,000	100.00	234,727	4,037	4,037	Investee is a subsidiary
	Huading Enterprise Co., Ltd.	Taipei, Taiwan	Urban renewal reconstruction	441,090	441,090	44,109,000	90.00	437,893	(1,897)	(1,708)	Investee is a subsidiary
Core Pacific World Co., Ltd.	Chinese City International Investment Co., Ltd. Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	509,634	(14,676)	(14,676)	Investee is a subsidiary
		Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	508,100	(13,353)	(13,353)	Investee is a subsidiary
BES Investment Company Ltd.	Wei-Jing Holdings Ltd. BES Construction Corporation (U.S.A.)	B.V.I.	Holds investments	463,104	463,104	14,400,000	44.67	423,537	(19,173)	(8,566)	
		141 Bennington Court McDonough, Georgia 30253, U.S.A.	Develops lands for investments	25,724	25,724	761	8.21	2,553	637	53	Investee is a subsidiary
	Global BES Engineering (Myanmar) Co., Ltd.	NO.153/KA, Kyun Shwe Myaing Lane (2), 23 Ward, (Thuwanna), Thingangyun Township, Yangon, Myanmar	Engineering and construction	15,478	15,478	500,000	100.00	16,415	(14)	(14)	Investee is a subsidiary
	BES Engineering Vietnam Company Limited	G2-11, Golden King Building, 15 Nguyen Luong Bang Street, Tan My Ward, Ho Chi Minh City, Vietnam	Engineering and construction	130,437	1,048,410	-	60.00	42,203	13,817	8,290	Investee is a subsidiary
Core Asia Human Resources Management Co., Ltd.	Elite Human Resources Management Co., Ltd.	Taipei, Taiwan	Human resource consulting	5,000	5,000	500,000	100.00	21,886	11,032	10,969	Investee is a subsidiary
Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd. Chung Kung Management and Maintenance of Apartment Co., Ltd.	Taipei, Taiwan	Business management consulting and running parking lots	10,000	10,000	-	100.00	22,128	6,865	6,865	Investee is a subsidiary
		Taipei, Taiwan	Manages apartment maintenance and renders related services	3,700	3,700	-	37.00	7,812	8,944	3,309	Investee is a subsidiary
Cinemark-Core Pacific, Ltd.	Cinemark-Core (Hong Kong) Pacific Ltd.	FLATB 3/F WING CHBONG COMMERCIAL BOILDING 19-25 JERVOIS STREET SHEVNG WAN HK	Hold investment	246,729	246,729	61,503,000	49.60	48,984	(32,605)	(16,172)	
		Beyond Space Co-Creation Co., Ltd.	Taipei, Taiwan	Retail sale of rood products and groceries	250,183	150,183	125,000	100.00	15,894	(2,525)	(2,525)
Chung Kung Management Consultant Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Taipei, Taiwan	Manages apartment maintenance and renders related services	6,300	6,300	-	63.00	13,302	8,944	5,635	Investee is a subsidiary

## BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, warehousing and international trade	\$ 1,100,438 (RMB 250,000 thousand)	b. (Note 3)	\$ 341,921 (US\$ 10,703 thousand)	\$ -	\$ -	\$ 341,921 (US\$ 10,703 thousand)	\$ 20,133 (RMB 4,646 thousand)	39.20	\$ 7,892 (RMB 1,821 thousand)	\$ 724,204 (RMB 161,077 thousand)	\$ 273,391 (US\$ 8,915 thousand)
Core Pacific Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$ 9,000 thousand)	b. (Note 4)	305,982 (US\$ 9,000 thousand)	-	-	305,982 (US\$ 9,000 thousand)	(13,135) (RMB (3,031) thousand)	100.00	(13,135) (RMB (3,031) thousand)	499,364 (RMB 111,068 thousand)	
Hua Cheng Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$ 9,000 thousand)	b. (Note 5)	305,982 (US\$ 9,000 thousand)	-	-	305,982 (US\$ 9,000 thousand)	(14,458) (RMB (3,337) thousand)	100.00	(14,458) (RMB (3,337) thousand)	500,801 (RMB 111,388 thousand)	
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, warehousing and international trade	1,100,438 (RMB 250,000 thousand)	b. (Note 6)	167,565 (RMB 40,900 thousand)	-	-	167,565 (RMB 40,900 thousand)	20,133 (RMB 4,646 thousand)	9.80	1,973 (RMB 455 thousand)	181,051 (RMB 40,269 thousand)	77,600 (US\$ 2,541 thousand)
Cinemark-Core (Shanghai) Pacific Management and Consulting	Theater management, purchasing, and consulting	27,602 (US\$ 900 thousand)	b. (Note 7)	27,577 (US\$ 900 thousand)	-	-	27,577 (US\$ 900 thousand)	(9) (RMB (2) thousand)	49.60	(4) (RMB (1) thousand)	(510) (RMB (114) thousand)	
Yunnan Core Pacific City	Theater management, purchasing, and consulting	120,676 (US\$ 4,031 thousand)	b. (Note 7)	59,131 (US\$ 1,975 thousand)	-	-	59,131 (US\$ 1,975 thousand)	(5,100) (RMB (1,177) thousand)	24.30	(1,239) (RMB (286) thousand)	22,925 (RMB 5,099 thousand)	
HRDD Logistics Co., Ltd.	Provides warehousing and freight forwarders	436,649 (RMB 96,370 thousand)	a. (Note 8)	166,730 (RMB 34,000 thousand)	-	-	166,730 (RMB 34,000 thousand)	- (RMB - thousand)	11.14	- (RMB - thousand)	23,800 (RMB 5,294 thousand)	
Cinemark-Core (Suzhou) Pacific Ltd.	Theater management, purchasing, and consulting	343,172 (US\$ 11,000 thousand)	b. (Note 7)	161,597 (US\$ 5,000 thousand)	-	-	161,597 (US\$ 5,000 thousand)	(30,739) (RMB (7,094) thousand)	49.60	(15,247) (RMB (3,519) thousand)	11,539 (RMB 2,566 thousand)	

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
BES Engineering Corporation	US\$ 12,103 thousand RMB 74,900 thousand	US\$ 19,792 thousand	\$ 13,636,660
Core Pacific World Co., Ltd.	US\$ 18,000 thousand	US\$ 19,000 thousand	754,339
Cinemark-Core Pacific, Ltd.	US\$ 7,875 thousand	US\$ 7,875 thousand	143,540

(Continued)

Note 1: Methods of investment are as categorized as follows:

- a. Direct investment in China.
- b. Investment made in China through third party.
- c. Others.

Note 2: Under the investment gain (loss) column:

- a. Companies still in the preparatory stage and therefore have no gains or losses should be disclosed.
- b. Investment gain (loss) recognized based on the following should be disclosed:
  - 1) Financial statements are audited through the cooperation between international accounting firm and ROC accounting firm.
  - 2) Financial statements are audited by licensed CPA of the parent corporation.
  - 3) Others.

Note 3: BES Logistics International Co., Ltd., is third party investor.

Note 4: Zhong Hua Cheng Development Co., Ltd., is third party investor.

Note 5: Chinese City International Investment Co., Ltd., is third party investor.

Note 6: BESM Holding Co., Ltd., is third party investor.

Note 7: Cinemark-Core (Hong Kong) Pacific Ltd., is third party investor.

Note 8: HRDD resolved to carry out a capital reduction to offset losses and a cash capital increase at an extraordinary shareholders' meeting on April 23, 2025. The Corporation did not participate in the cash capital increase of HRDD in proportion to its shareholding. The registration was completed on August 4, 2025, resulting in a decrease in the Corporation's ownership interest from 14.11% to 11.14%.

(Concluded)

# BES ENGINEERING CORPORATION

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## BES ENGINEERING CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS - CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (In Thousands of New Taiwan Dollars)

Name	January 1, 2025		Additions		Decrease		Gain (Loss) on Financial Assets at Fair Value Through Profit or Loss	December 31, 2025		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount		
Mutual funds											
Nomura Funds Ireland	-	\$ -	2,241	\$ 5,000	-	\$ -	\$ 24	2,241	\$ 5,024	None	
Allianz Global Income Fund	-	-	1,579	5,000	-	-	23	1,579	5,023	None	
Taishin ESG Emerging Markets Bond Fund	500,000	4,570	-	-	500,000	4,610	40	-	-	None	
HSBC Super Core Optimized Multi-Asset Fund AM2 (TWD)	500,000	4,903	94,982	1,000	594,982	5,848	(55)	-	-	None	
Taishin Income Leading Mlt Fund	-	-	500,000	5,075	500,000	5,252	177	-	-	None	
AB FCP I-American Income Portfolio Class EA Shares USD	-	-	15,398	5,000	15,398	5,065	65	-	-	None	
Neuberger Berman Disruptive Innovation Equity Securities Investment Trust Fund	-	-	162,470	2,000	162,470	2,099	99	-	-	None	
CTBC Global Tech Trends Multi-Asset Fund	-	-	69,126	1,000	69,126	1,028	28	-	-	None	
FSITC Innovation Fund	-	-	14,055	1,000	14,055	1,096	96	-	-	None	
		<u>\$ 9,473</u>		<u>\$ 25,075</u>		<u>\$ 24,998</u>	<u>\$ 497</u>		<u>\$ 10,047</u>		

## BES ENGINEERING CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (In Thousands of New Taiwan Dollars)

Name	January 1, 2025		Additions		Decrease		Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	December 31, 2025		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount		
Listed shares - ordinary shares Taiwan Business Bank	45,284,172	\$ 672,470	-	\$ -	45,284,172	\$ 650,412	\$ (22,058)	-	\$ -	None	

**BES ENGINEERING CORPORATION****STATEMENT OF CONSTRUCTION RECEIVABLES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

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<b>Name of Owner</b>	<b>Amount</b>
Hsinchu Science Park Bureau, National Science and Technology Council	\$ 857,303
Taiwan Water Corporation	643,296
Northern Region New Construction Branch Office, Highway Bureau, MOTC	633,491
Land Administration Department, New Taipei City Government	559,274
New Construction Office, Public Works Department, Taipei City Government	445,554
Department of Rapid Transit Systems, Taoyuan City Government	384,670
Southern Region Water Resources Office, Water Resources Agency, Ministry of Economic Affairs	382,982
Office of Aerotropolis Public Construction, Taoyuan	371,341
Air Force Combatant Command	368,792
Others (Note)	<u>1,041,670</u>
	<u>\$ 5,688,373</u>

Note: The amount of each item does not exceed 5% of the account balance.

## BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2025			Additions		Decrease		Investment Profit (Loss) Accounted for Ownership of Subsidiaries	Translation Adjustment	Balance, December 31, 2025			Note
	Number of Shares	Percentage of Ownership (%)	Amount	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	Percentage of Ownership (%)	Amount	
Core Pacific World Co., Ltd.	115,956,500	99.96	\$ 1,263,279	-	\$ 13,414	-	\$ -	\$ (23,067)	\$ 3,135	115,956,500	99.96	\$ 1,256,761	Note 2
BES Investment Company Ltd.	59,600,000	100.00	1,721,821	-	6,559	28,876,200	841,886	30,098	(282,667)	30,723,800	100.00	633,925	Notes 2, 4 and 5
BES Logistics International Co., Ltd.	13,995,389	100.00	666,381	-	-	-	-	7,589	2,964	13,995,389	100.00	676,934	
Core Asia Human Resources Management Co., Ltd.	6,000,000	100.00	91,797	-	104	-	6,000	8,267	-	6,000,000	100.00	94,168	Notes 1 and 3
Chung Kung Safeguarding & Security Corp.	3,880,000	64.67	55,990	-	634	-	5,432	7,375	-	3,880,000	64.67	58,567	Notes 1 and 3
Cinemark - Core Pacific, Ltd.	29,455,180	91.76	257,457	-	-	-	-	(37,618)	(317)	29,455,180	91.76	219,522	
BES Construction Corporation (U.S.A.)	8,509	91.79	29,152	-	-	-	-	584	(1,200)	8,509	91.79	28,536	
BA & BES Contracting (L.L.C.)	1,200,000	40.00	-	-	-	-	-	-	-	1,200,000	40.00	-	
BESM Holding Co., Ltd.	5,075,000	100.00	229,615	-	-	-	-	4,037	1,075	5,075,000	100.00	234,727	
Huading Enterprise Co., Ltd.	44,109,000	90.00	439,601	-	-	-	-	(1,708)	-	44,109,000	90.00	437,893	
			<u>\$ 4,755,093</u>		<u>\$ 20,711</u>		<u>\$ 853,318</u>	<u>\$ (4,443)</u>	<u>\$ (277,010)</u>			<u>\$ 3,641,033</u>	

Note 1: The increase in the current year was due to accrued defined benefit gain of \$104 thousand from Core Asia Human Resources Management Co., Ltd. and \$634 thousand from Chung Kung Safeguarding & Security Corp.

Note 2: The increase in the current year was due to unrealized gain on financial assets, \$13,414 thousand from Core Pacific World Co., Ltd. and \$6,559 thousand from BES Investment Company Ltd.

Note 3: The decrease in the current year was due to cash dividends distributed from investee companies, \$6,000 thousand from Core Asia Human Resources Management Co., Ltd. and \$5,432 thousand from Chung Kung Safeguarding & Security Corp.

Note 4: The decrease in the current year was due to the cash capital reduction of BES Investment Company Ltd. approved by the Corporation's board of directors on June 26, 2025, with July 1, 2025 as the record date for the capital reduction. The Corporation received the capital reduction proceeds of \$905,991 thousand on December 30, 2025.

Note 5: As of December 31, 2025, except for the Corporation and BES Investment Company Ltd. jointly providing pledged foreign currency time deposits as collateral to the Da'an Branch of Taiwan Business Bank, no investments accounted for using the equity method are pledged as collateral or provided as a guarantee.

## BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (In Thousands of New Taiwan Dollars)

Name	January 1, 2025		Additions		Decrease		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	December 31, 2025		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount		
Listed shares - ordinary shares											
China Petrochemical Development Corporation	183,037,540	\$ 1,345,326	-	\$ -	-	\$ -	\$ 76,875	183,037,540	\$ 1,422,201	Yes	Note 1
Unlisted shares - ordinary shares											
Century Development Corporation	10,633,492	91,767	276,470	-	-	-	(6,015)	10,909,962	85,752	None	
Overseas Investment & Development Corporation	2,600,000	24,258	-	-	-	-	3,796	2,600,000	28,054	None	
Zowie Technology Corporation	6,611	-	-	-	-	-	-	6,611	-	None	
HRDD Logistics Co., Ltd.	13,600,000	40,742	-	-	8,306,486	-	(16,942)	5,293,514	23,800	None	Note 2
		<u>\$ 1,502,093</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 57,714</u>		<u>\$ 1,559,807</u>		

Note 1: As of December 31, 2025, China Petrochemical Development Corporation is pledged for short-term borrowings with a mortgage amount of \$965,811 thousand.

Note 2: HRDD resolved to carry out a capital reduction to offset losses and a cash capital increase at an extraordinary shareholders' meeting on April 23, 2025. The Corporation did not participate in the cash capital increase of HRDD in proportion to its shareholding. The registration was completed on August 4, 2025, resulting in a decrease in the Corporation's ownership interest from 14.11% to 11.14%.

## BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (In Thousands of New Taiwan Dollars)

Item	Land	Buildings	Transportation Equipment	Total
<u>Cost</u>				
Balance, January 1, 2025	\$ 79,609	\$ 67,715	\$ 70,305	\$ 217,629
Additions	31,962	60,251	13,026	105,239
Decrease	<u>(2,088)</u>	<u>(67,210)</u>	<u>(12,961)</u>	<u>(82,259)</u>
Balance, December 31, 2025	<u>\$ 109,483</u>	<u>\$ 60,756</u>	<u>\$ 70,370</u>	<u>\$ 240,609</u>
<u>Accumulated depreciation</u>				
Balance, January 1, 2025	\$ 31,315	\$ 56,579	\$ 36,020	\$ 123,914
Additions	16,203	21,368	23,513	61,084
Decrease	<u>(1,954)</u>	<u>(66,455)</u>	<u>(12,864)</u>	<u>(81,273)</u>
Balance, December 31, 2025	<u>\$ 45,564</u>	<u>\$ 11,492</u>	<u>\$ 46,669</u>	<u>\$ 103,725</u>
Net, December 31, 2025	<u>\$ 63,919</u>	<u>\$ 49,264</u>	<u>\$ 23,701</u>	<u>\$ 136,884</u>

## BES ENGINEERING CORPORATION

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Type	Contract Period	Interest Rate (%)	Amount	Loan Commitments	Collateral
Mortgage loan					
Bank of Taiwan Department of Business	2025.08.11-2026.02.06	2.8850	\$ 1,400,000	\$ 1,400,000	Land and building
Taiwan Business Bank Department - Ta an Branch	2025.12.30-2026.01.30	2.8000	847,000	900,000	Certificates of deposit
Taiwan Business Bank Department - Ta an Branch	2025.11.14-2026.05.14	2.9250	500,000	500,000	Land and building
Taichung Commercial Bank - Linkou Branch	2025.09.26-2026.09.26	2.5000	320,000	320,000	Shares of China Petrochemical Development Corporation
Taiwan Cooperative Bank - Dong Taipei Branch	2025.03.26-2026.03.26	2.6780	180,000	180,000	Land and building
Bank of Kaohsiung - Taipei Branch	2025.07.22-2026.01.22	2.7500	167,000	170,000	Shares of China Petrochemical Development Corporation
Entie Bank	2025.12.02-2026.01.30	3.3020	140,000	200,000	Reserve account
Taichung Commercial Bank - Linkou Branch	2025.09.26-2026.09.26	2.7500	50,000	50,000	Shares of China Petrochemical Development Corporation
			<u>3,604,000</u>	<u>3,720,000</u>	
Bank overdrafts					
Taiwan Business Bank Department - Ta an Branch	2025.01.03-2026.01.03	2.9250	290,000	300,000	Land
			<u>\$ 3,894,000</u>	<u>\$ 4,020,000</u>	

Note: As of December 31, 2025, the Corporation's short-term financing facilities with banks amounted to approximately \$4,020,000 thousand, net of short-term loans and bank overdrafts of \$3,894,000 thousand, which had available unutilized short-term borrowings facilities of \$126,000 thousand.

**BES ENGINEERING CORPORATION**

**STATEMENT OF TRADE PAYABLES**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
Related parties	
Chung Kung Safeguarding & Security Corp.	\$ 13,978
Core Asia Human Resources Management Co., Ltd.	<u>1,226</u>
	<u>15,204</u>
Unrelated parties	
Others (Note)	<u>6,896,684</u>
	<u>\$ 6,911,888</u>

Note: The amount of each item does not exceed 5% of the account balance.

## BES ENGINEERING CORPORATION

## STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollar)

Type	Expected Duration and Repayment Method	Range of Interest Rates (%)	Ending Balance			Collateral
			Long-term Borrowings Due Within A Year	Long-term Borrowings Over A Year	Total	
Credit Loans						
Taiwan Business Bank Department - Ta an Branch	From May 29, 2023 to March 26, 2026, interest will be paid monthly, the principal will be repaid according to the loan ratio when the house is completed and handed over and the remaining principal is repaid once at maturity.	3.0050	\$ 1,356,930	\$ -	\$ 1,356,930	
Taiwan Business Bank Department - Ta an Branch	From August 30, 2024 to August 30, 2026, interest will be paid monthly, \$10,000,000 will be amortized every month from September 16, 2025 and the remaining principal is repaid once at maturity.	3.1250	756,000	-	756,000	
Taiwan Business Bank Department - Ta an Branch	From August 16, 2021 to March 26, 2026, interest will be paid monthly, the principal will be repaid according to the loan ratio when the house is completed and handed over and the remaining principal is repaid once at maturity.	3.0050	344,380	-	344,380	
Taiwan Cooperative Bank - Dong Taipei Branch	From April 17, 2023 to September 30, 2026, the principal is written off by 42% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	3.0180	299,200	-	299,200	
Taichung Commercial Bank - Linkou Branch	From November 29, 2023 to November 29, 2026, the principal is written off by 40% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.8800	154,867	-	154,867	
Hua Nan Bank - Chungshiao East Road Branch	Note 2	2.8947	84,839	-	84,839	
Bank of Panhsin - Neihu Branch	Note 2	2.8947	21,209	-	21,209	
Agricultural Bank of Taiwan	Note 2	2.8947	21,209	-	21,209	
Taiwan Business Bank Department - Ta an Branch	Note 2	2.8947	21,209	-	21,209	
Taiwan Cooperative Bank - Dong Taipei Branch	Note 2	2.8947	21,209	-	21,209	
Taiwan Business Bank Department - Ta an Branch	From October 3, 2023 to October 3, 2028, the first installment will be repaid from October 3, 2024, and it will be amortized in 17 quarterly installments.	2.6250	45,000	333,000	378,000	
Bank of Taiwan Department of Business	From November 16, 2023 to October 2, 2028, interest will be paid monthly, the principal will be repaid according to the loan ratio when the house is completed and handed over and the remaining principal is repaid once at maturity.	2.8947	-	1,014,920	1,014,920	
Bank of Taiwan Department of Business	From November 16, 2023 to October 2, 2028, interest will be paid monthly, the principal will be repaid according to the loan ratio when the house is completed and handed over and the remaining principal is repaid once at maturity.	2.8947	-	454,370	454,370	
Bank of Kaohsiung - Taipei Branch	From March 18, 2025 to March 3, 2030, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	3.2500	-	400,000	400,000	
Hua Nan Bank - Chungshiao East Road Branch	From May 16, 2024 to August 24, 2027, the principal is written off by 25% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.8600	-	299,695	299,695	

(Continued)

Type	Expected Duration and Repayment Method	Range of Interest Rates (%)	Ending Balance			Collateral
			Long-term Borrowings Due Within A Year	Long-term Borrowings Over A Year	Total	
Hua Nan Bank - Chungshiao East Road Branch	From October 3, 2023 to August 30, 2027, the principal is written off by 25% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.8600	\$ -	\$ 286,737	\$ 286,737	
Taichung Commercial Bank - Linkou Branch	From October 20, 2025 to October 20, 2029, the principal is written off by 40% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	3.5000	-	205,080	205,080	
Taiwan Cooperative Bank - Dong Taipei Branch	From April 17, 2023 to December 4, 2028, the principal is written off by 20% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	3.0180	-	199,309	199,309	
Hua Nan Bank - Chungshiao East Road Branch	From December 15, 2021 to March 30, 2027, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.7750	-	186,716	186,716	
Taiwan Cooperative Bank - Dong Taipei Branch	From November 18, 2023 to January 30, 2029, the principal is written off by 40% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	3.0180	-	52,122	52,122	
				<u>3,126,052</u>	<u>3,431,949</u>	<u>6,558,001</u>
Guaranteed loans						
Bank of East Asia	From December 5, 2025 to January 5, 2026, interest is paid monthly and the remaining principal is repaid once at maturity.	3.3158	520,000	-	520,000	Letter of credit
The Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch	From August 19, 2024 to January 19, 2030, interest will be paid monthly, \$7 million will be amortized every month from October 19, 2025 and the repayment will be amortized in 37 installments.	2.9250	84,000	154,000	238,000	Buildings
Rakuten International Commercial Bank	From May 31, 2024 to May 31, 2027, the interest is paid monthly, the first installment will be repaid from November 29, 2024, the amount of \$24.8 million will be amortized in 10 quarterly installments and the remaining balance will be fully repaid in the 11th installment.	3.0316	72,000	657,700	729,700	Buildings and parking space
Bank of Kaohsiung - Taipei Branch	From May 31, 2024 to May 31, 2027, the interest is paid monthly, the first installment will be repaid from November 29, 2024, the amount of \$24.8 million will be amortized in 10 quarterly installments and the remaining balance will be fully repaid in the 11th installment.	3.0316	27,200	248,400	275,600	Buildings and parking space
Bank of Kaohsiung	From March 16, 2023 to March 16, 2028, \$14,000,000 will be amortized every six months, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.8750	28,000	152,000	180,000	Land and building
First Bank - Xingya Branch	From May 25, 2022 to June 15, 2031, the fixed annuity method is used to repay principal and interest in equal installments per month.	2.3650	17,296	81,472	98,768	Land and building
Bank of Taiwan Department of Business	Note 3	3.4211	-	1,642,666	1,642,666	Land
First Bank - Xingya Branch	Note 3	3.4211	-	635,556	635,556	Land
Taiwan Business Bank Department of Business	Note 3	3.4211	-	635,556	635,556	Land
Hua Nan Bank - Chungshiao East Road Branch	Note 3	3.4211	-	635,556	635,556	Land
Land Bank of Taiwan - Chung Lun Branch	Note 3	3.4211	-	620,888	620,888	Land
Chang Hwa Bank - His-Neihu Branch	Note 3	3.4211	-	317,778	317,778	Land
Agricultural Bank of Taiwan	Note 3	3.4211	-	317,778	317,778	Land
Taiwan Cooperative Bank - Dong Taipei Branch	Note 3	3.4211	-	317,778	317,778	Land
Bank of East Asia	Note 3	3.4211	-	156,444	156,444	Land
Bank of Taiwan Department of Business	Note 4	3.3158	-	1,170,000	1,170,000	Land
First Bank - Xingya Branch	Note 4	3.3158	-	442,000	442,000	Land
Taiwan Business Bank Department of Business	Note 4	3.3158	-	442,000	442,000	Land

(Continued)

Type	Expected Duration and Repayment Method	Range of Interest Rates (%)	Ending Balance			Collateral
			Long-term Borrowings Due Within A Year	Long-term Borrowings Over A Year	Total	
Hua Nan Bank - Chungshiao East Road Branch	Note 4	3.3158	\$ -	\$ 442,000	\$ 442,000	Land
Land Bank of Taiwan - Chung Lun Branch	Note 4	3.3158	-	435,000	435,000	Land
Chang Hwa Bank - His-Neihu Branch	Note 4	3.3158	-	221,000	221,000	Land
Agricultural Bank of Taiwan	Note 4	3.3158	-	221,000	221,000	Land
Taiwan Cooperative Bank - Dong Taipei Branch	Note 4	3.3158	-	221,000	221,000	Land
Bank of East Asia	Note 4	3.3158	-	106,000	106,000	Land
Bank of Kaohsiung	From January 3, 2025 to January 3, 2030, interest will be paid monthly, the first installment will be repaid from April 3, 2027, \$15 million will be repaid quarterly and \$835 million will be repaid in the 12th installment on January 3, 2030.	2.6100	-	1,000,000	1,000,000	Land, building and parking space
Bank of Taiwan Department of Business	Note 5	3.3158	-	134,733	134,733	Land
First Bank - Xingya Branch	Note 5	3.3158	-	51,600	51,600	Land
Taiwan Business Bank Department of Business	Note 5	3.3158	-	51,600	51,600	Land
Hua Nan Bank - Chungshiao East Road Branch	Note 5	3.3158	-	51,600	51,600	Land
Land Bank of Taiwan - Chung Lun Branch	Note 5	3.3158	-	50,167	50,167	Land
Chang Hwa Bank - His-Neihu Branch	Note 5	3.3158	-	25,800	25,800	Land
Agricultural Bank of Taiwan	Note 5	3.3158	-	25,800	25,800	Land
Taiwan Cooperative Bank - Dong Taipei Branch	Note 5	3.3158	-	25,800	25,800	Land
Bank of East Asia	Note 5	3.3158	-	12,900	12,900	Land
			<u>748,496</u>	<u>11,703,572</u>	<u>12,452,068</u>	
			<u>\$ 3,874,548</u>	<u>\$ 15,135,521</u>	<u>\$ 19,010,069</u>	

Note 1: As of December 31, 2025, the Corporation's long-term financing facilities with banks amounted to approximately \$29,160,068 thousand, net of long-term loans of \$19,010,069 thousand (including long-term loans due within one year), which had available unutilized long-term borrowings facilities of \$10,149,999 thousand.

Note 2: From October 26, 2023 to September 14, 2026, the principal is written off by 20% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.

Note 3: From August 18, 2023 to April 14, 2027, the interest is paid monthly and the remaining principal is repaid once at maturity.

Note 4: From April 14, 2021 to April 14, 2027, the interest is paid monthly and the remaining principal is repaid once at maturity.

Note 5: From July 17, 2024 to April 14, 2027, the interest is paid monthly and the remaining principal is repaid once at maturity.

(Concluded)

## BES ENGINEERING CORPORATION

STATEMENT OF CONSTRUCTION CONTRACT REVENUE AND CONSTRUCTION CONTRACT COST  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)

Code	Construction Contract Revenue	Construction Contract Cost	Construction Contract Gross Profit (Loss)
1. Engineering station			
A8C	\$ 275,437	\$ (35,736)	\$ 311,173
B1H-1	1,535,632	1,421,346	114,286
B1C	1,361,868	1,253,673	108,195
A9A	1,661,800	1,558,115	103,685
A7B-1	1,386,238	1,293,116	93,122
A7F	41,270	(49,670)	90,940
B2E	896,850	830,090	66,760
B0C	781,101	725,036	56,065
A7A	859,233	803,435	55,798
B1E	665,974	616,398	49,576
B0A	669,565	623,351	46,214
A6E	20,765	(22,896)	43,661
B1F	526,003	487,272	38,731
A8F-2	515,253	476,909	38,344
B2A	419,030	387,831	31,199
A7E	-	(28,023)	28,023
B1D	680,632	652,761	27,871
A7C	-	(26,064)	26,064
B0B	384,703	359,035	25,668
B1B-2	729,347	705,694	23,653
B3C	314,497	290,980	23,517
B1B-1	583,026	564,104	18,922
B3D	424,529	405,663	18,866
B3E	169,223	154,904	14,319
A8F-1	326,955	316,286	10,669
B2D	109,206	101,725	7,481
B1H-2	29,186	27,014	2,172
A6F	2,869	1,654	1,215
A6B	83,402	82,198	1,204
B3B	69,392	68,390	1,002
A4C	-	(923)	923
A6C	56,282	55,469	813
A0B	2,143	2,112	31
93C	-	-	-
A6D	-	-	-
A7B-2	-	-	-
A8F-3	-	-	-
A7D	41,191	48,107	(6,916)
A5C	581,908	717,265	(135,357)
A8B	<u>1,028,080</u>	<u>1,177,553</u>	<u>(149,473)</u>
	<u>17,232,590</u>	<u>16,044,174</u>	<u>1,188,416</u>
2. Development station			
750	<u>879,068</u>	<u>801,068</u>	<u>78,000</u>
	<u>\$ 18,111,658</u>	<u>\$ 16,845,242</u>	<u>\$ 1,266,416</u>

**BES ENGINEERING CORPORATION****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Selling and Marketing Expenses</b>	<b>General and Administrative Expenses</b>	<b>Research and Development Expenses</b>	<b>Total</b>
Salary (Note 1)	\$ 32,065	\$ 147,382	\$ 20,478	\$ 199,925
Advertising expenses	70,238	1,434	-	71,672
Taxes and fees	16,719	51,902	2	68,623
Professional fees	6,290	40,132	12,717	59,139
Depreciation	4,231	17,739	1,871	23,841
Other (Note 2)	<u>36,072</u>	<u>64,839</u>	<u>3,546</u>	<u>104,457</u>
	<u>\$ 165,615</u>	<u>\$ 323,428</u>	<u>\$ 38,614</u>	<u>\$ 527,657</u>

Note 1: Salary includes salary, bonus and retirement expense.

Note 2: The amount of each item does not exceed 5% of the account balance.

## BES ENGINEERING CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

Type	2025				2024			
	Operating Costs	Operating Expenses	Classified as Other Operating Income and Expenses	Total	Operating Costs	Operating Expenses	Classified as Other Operating Income and Expenses	Total
Employees benefits expense								
Salaries expenses	\$ 1,462,749	\$ 168,224	\$ -	\$ 1,630,973	\$ 1,242,082	\$ 156,340	\$ -	\$ 1,398,422
Labor and health expenses	127,472	12,274	-	139,746	109,510	11,416	-	120,926
Pension expenses	54,890	6,464	-	61,354	49,580	6,284	-	55,864
Director's emoluments	-	25,237	-	25,237	-	26,474	-	26,474
Other employee benefits	<u>24,242</u>	<u>2,133</u>	<u>-</u>	<u>26,375</u>	<u>27,283</u>	<u>2,294</u>	<u>-</u>	<u>29,577</u>
	<u>\$ 1,669,353</u>	<u>\$ 214,332</u>	<u>\$ -</u>	<u>\$ 1,883,685</u>	<u>\$ 1,428,455</u>	<u>\$ 202,808</u>	<u>\$ -</u>	<u>\$ 1,631,263</u>
Depreciation expense	<u>\$ 161,277</u>	<u>\$ 23,841</u>	<u>\$ 5,379</u>	<u>\$ 190,497</u>	<u>\$ 112,014</u>	<u>\$ 26,308</u>	<u>\$ 5,613</u>	<u>\$ 143,935</u>

Note 1: As of December 31, 2025 and 2024, the Corporation had 1,262 and 1,217 employees, respectively, of which 7 directors were not concurrently serving as employees.

Note 2: The average employee benefits expenses were \$1,481 thousand and \$1,326 thousand in 2025 and 2024, respectively.

Note 3: The average employees' salary expenses were \$1,300 thousand and \$1,156 thousand in 2025 and 2024, respectively.

Note 4: The change in the average employees' salary expenses was 12.5%.

Note 5: There was no supervisor in the Corporation, and audit committee has replaced supervisors' authority as required by law.

Note 6: The compensation policies of the Corporation are as follows:

a. Directors

In accordance with Article 28 of the Corporation's articles of incorporation, if the Corporation has a profit before tax in the current year, the Corporation shall allocate 3% of the profit as employees' compensation, 0.75% of the compensation of employees as compensation distributions for non-executive employees and no more than 2% of the profit as remuneration of directors. However, if the Corporation has accumulated losses, it should first reserve an amount for the offset of the loss. The above-mentioned distribution ratios are adopted by the resolution of the board of directors with more than two-thirds of the board of directors present and with the consent of more than half of the directors that are present, and are reported at the shareholders meeting. In addition, the "Board Performance Evaluation Method" of the Corporation is used as a reference for the remuneration of directors.

b. Managers

The salary level of the Corporation's managers must be competitive in order to attract external outstanding talent and retain existing talent. Managers' salaries are differentiated based on job responsibilities and performance in order to encourage managers to assume greater responsibilities and meet their performance goals. Managers are responsible for operations performance, and incentives should take into account the Corporation's long-term and short-term performance.

c. Employees

The overall salary of the Corporation's employees, which includes fixed and variable salary, is based on the principle of balancing internal fairness and external competitiveness. In addition, bonuses are promptly issued to share the results of operations with colleagues to attract, motivate and retain talent. Pursuant to the Corporation's articles of incorporation, shall allocate 3% of annual pre-tax net income before deduction of employees' compensation and remuneration of directors and supervisors shall be allocated as employees' compensation. Employees' compensation is determined based on job responsibilities and professional skills, and the amount of salary and bonus paid is based on individual performance and level of contribution to the Corporation.