

Kung Sing Engineering Corporation and Subsidiaries

Consolidated Financial Statements and

Independent Auditors' Report

December 31, 2025 and 2024

(Stock Code 5521)

*This financial report is only an English translation, and has not been reviewed or checked by an accountant

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Kung Sing Engineering Corporation
Declaration of Affiliates Consolidated Financial Statements

For the year ended December 31, 2025, the companies required to be included in the consolidated financial statements in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies, as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the above-mentioned consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2025.

Hereby certify

Company: Kung Sing Engineering Corporation

Principal: Pan,ying-juan

March 06, 2026

Independent Auditors' Report Translated from Chinese

To the Boards of Directors and Stockholders of Kung Sing Engineering Corporation

Opinion

We have audited the consolidated balance sheets of Kung Sing Engineering Corporation and its subsidiaries (the "Group") as at December 31, 2025 and 2024, as well as the consolidated statements of comprehensive income, the consolidated statement of changes in equity and of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to *Other matter* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at December 31, 2025 and 2024, as well as its consolidated financial performance and its consolidated statement of cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group 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 with the requirements. Based on our audits and the reports of other auditors, 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these

matters.

Key audit matters for the Group's consolidated financial statements for the current period are stated as follows:

Assessment of Construction Contract Estimated Total Cost

Description

Refer to Note 4 (27) for accounting policies on construction contract revenue, Note 5 for significant judgments, accounting estimates and uncertainty of assumptions adopted in the construction contract accounting policy, and Note 6 (20) for the contract assets and liabilities of the Group were respectively NT\$2,281,283(thousand) and NT\$5,009,006(thousand) at December 31, 2025.

The Group's construction revenue and costs mainly come from civil engineering construction. Accurate estimates of the outcome of construction contracts are recognized based on the percentage of project costs incurred to the estimated total costs, with revenue recognized over time.

Due to the estimated total cost is assessed and judged from engineering properties, estimated subcontract amount, duration, construction operation and methods by the management. It's highly uncertain, which may affect the revenue calculation of the project. Therefore, we included the assessment of construction contract estimated total cost as one of the key matters for audit.

Procedure

We performed the following audit procedures on the above key audit matter:

1. Evaluated the reasonableness of the policies and procedures of estimated total cost based on understanding of the industry properties and operation, including the assessment basis of the estimated total cost of the same properties construction contracts in the past.
2. Obtained the projects with significant changes in the estimated total cost for the period, reviewed the changes description. And confirmed the appropriate approval of the head of authority or obtained the supporting information of owner's changing contract agreement.
3. Selected samples of outsourced contracts, for the un-outsourced contracts, we evaluated the basis and reasonableness of estimated cost.
4. Verified the proportion of actual cost to estimated total cost and compared it with the owner's accepted completion progress to assess the reasonableness of the estimated total cost. If there was any difference, we obtained the management's description and assessed the reasonableness.

Other Matters-Audits of the Other Independent Accountants

We did not audit the financial statements of all subsidiaries of the Group for the years ended December 31, 2025 and 2024, but audited by other independent accountants. Therefore, the amount of financial statements and the relevant information disclosed in Note 13 and our opinions expressed herein is based solely on the audit report of the other independent accountants. Total assets of the subsidiary amounted to NT\$645,457 thousand and NT\$655,112 thousand, constituting of 4.7% and 5.4% of consolidated total assets at December 31, 2025 and 2024, respectively, and the net operating revenue amounted to NT\$4,496 thousand and NT\$118,139 thousand, constituting of 0.05% and 1.66% of net consolidated operating revenue for the years then ended, respectively.

Other Matters-Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Kung Sing Engineering Corporation as at and for the years ended December 31, 2025 and 2024.

Responsibilities of Management and those Charged with Governance for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the "Regulations for the Preparation of Financial Reports by Issuers of Securities" and the approved and issued effective International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations by the Financial Supervisory Committee and Management. Such internal controls are determined to be necessary so that the consolidated financial statements are prepared free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objective is to obtain reasonable assurance about whether the consolidated financial

statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ROC GASS will always detect a 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 consolidated financial statements.

As part of an audit in accordance with ROC GASS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of misstatement of consolidated financial statements whether due to fraud or error, design and perform appropriate countermeasures for the 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 of relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Group's internal control.
3. Evaluate the appropriateness of the 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 Group's ability of to continue as a going concern. If we concluded that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated

financial statements. We are responsible for the direction, supervision and performance the group audit, and concluding audit opinions on consolidated financial statements.

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 provided those charged with governance with a statement that we have complied with the 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 consolidated financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Accountant

Lin, Se-kai

Wen, Ya-fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 06, 2026

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2025 and 2024
(Expressed in thousands of New Taiwan dollars)

		<u>December 31, 2025</u>		<u>December 31, 2024</u>	
<u>Assets</u>	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets					
1100 Cash and cash equivalents	6(1)	\$ 2,193,136	16	\$ 1,912,422	16
1136 Financial assets at amortised cost - current	6(2),8	6,924,458	50	5,087,824	42
1140 Contract assets-current	6(20)	2,281,283	16	2,692,801	22
1170 Accounts receivable, net	6(3)	105,352	1	352,689	3
1200 Other receivables		21,141	-	25,870	-
1210 Other receivables- Relevant person	7	39,420	-	38,733	-
1220 Current tax assets		4,133	-	2,135	-
130X Inventories	6(4),8	357,018	3	357,018	3
1410 Prepayments		89,815	1	75,723	1
1479 Other current assets-other	8	100,000	1	-	-
1482 Fulfilling contract cost-net current	6(5)	<u>737,501</u>	<u>5</u>	<u>560,241</u>	<u>5</u>
11XX Total current assets		<u>12,853,257</u>	<u>93</u>	<u>11,105,456</u>	<u>92</u>
Non-current assets					
1517 Financial assets at fair value through other comprehensive income-non-current	6(6)	84,373	-	89,349	1
1600 Property, plant and equipment	6(7), 8	502,501	4	514,829	4
1755 Right-of-use assets	6(8)	126,275	1	121,989	1
1760 Investment property, net	6(9), 8	149,837	1	151,578	1
1780 Intangible assets		7,991	-	6,072	-
1840 Deferred income tax assets	6(27)	8,127	-	32,338	-
1900 Other non-current assets	6(11)(16)	<u>83,827</u>	<u>1</u>	<u>56,365</u>	<u>1</u>
15XX Total non-current assets		<u>962,931</u>	<u>7</u>	<u>972,520</u>	<u>8</u>
1XXX Total assets		<u>\$13,816,188</u>	<u>100</u>	<u>\$12,077,976</u>	<u>100</u>

(Continued)

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Note	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 757,000	6	\$ 840,000	7
2130	Contract liabilities-current	6(20)	5,009,006	36	3,424,369	28
2150	Notes payable		459,365	3	567,609	5
2170	Accounts payable	6(13)	1,543,485	11	1,242,846	10
2200	Other payables		138,601	1	101,217	1
2250	Provisions for liabilities-current	6(15)	600	-	2,946	-
2280	Lease liabilities-current		27,175	-	47,421	1
2320	Long-term liabilities due within one year or one operating cycle	6(14)	21,298	-	145,113	1
2399	Other current liabilities-other		64,219	1	137,696	1
21XX	Total current liabilities		8,020,749	58	6,509,217	54
Non-current liabilities						
2540	Long-term borrowings	6(14)	47,171	-	88,610	1
2550	Provisions for liabilities-non-current	6(15)	666	-	666	-
2570	Deferred income tax liabilities	6(27)	4,000	-	2,624	-
2580	Lease liabilities-non-current		102,302	1	76,164	-
2600	Other non-current liabilities		13,973	-	25,112	-
25XX	Total non-current liabilities		168,112	1	193,176	1
2XXX	Total liabilities		8,188,861	59	6,702,393	55
Equity						
	Share capital	6(17)				
3110	Common stock		4,922,802	36	4,922,802	41
	Capital surplus	6(18)				
3200	Capital surplus		519	-	519	-
	Retained earnings	6(19)				
3310	statutory surplus reserve		92,511	1	90,871	1
3350	Undistributed earnings		583,618	4	328,538	3
	Other equity					
3400	Other equity		27,877	-	32,853	-
3XXX	Total equity		5,627,327	41	5,375,583	45
	Significant contingent liabilities and unrecognized contract commitments	9				
	Post-major events	11				
3X2X	Total liabilities and equity		\$13,816,188	100	\$12,077,976	100

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

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars, except losses per share amounts)

Items	Note	Years ended December 31			
		2025		2024	
		Account	%	Account	%
4000 Operating revenue	6(20)	\$ 9,038,390	100	\$ 7,099,106	100
5000 Operating cost	6(25)(26)	(8,431,415)	(93)	(6,791,587)	(96)
5900 Gross profit		606,975	7	307,519	4
Operating expenses	6(25)(26)				
6100 Selling expenses		(3,162)	-	(3,034)	-
6200 General and administrative expenses		(306,687)	(3)	(258,276)	(3)
6450 Expected credit impairment loss	6(20),12(2)	(49,403)	(1)	(119,379)	(2)
6000 Total operating expenses		(359,252)	(4)	(380,689)	(5)
6900 Operating income		247,723	3	(73,170)	(1)
Non-operating income and expenses					
7100 Interest income	6(21)	48,356	-	31,520	-
7010 Other income	6(22),7	14,780	-	87,369	1
7020 Other gains and losses	6(23)	(12,295)	-	1,870	-
7050 Financial costs	6(24)	(25,861)	-	(26,779)	-
7000 Total non-operating income and expenses		24,980	-	93,980	1
7900 Net profit (loss) before tax		272,703	3	20,810	-
7950 Income tax expenses	6(27)	(18,830)	-	(11,134)	-
8200 Net profit (loss) for the period		\$ 253,873	3	\$ 9,676	-
Other comprehensive income, net					
Components of other comprehensive					
income that will not be reclassified to profit					
or loss					
8311 Remeasurements of defined benefit plans	6(16)	\$ 3,559	-	\$ 8,405	-
Unrealized gains and losses from					
investments in equity instruments					
measured at fair value through other					
8316 comprehensive income	6(6)	(4,976)	-	(40,916)	-
Income tax of related to components of					
other comprehensive income that will not					
8349 be reclassified to profit or loss	6(27)	(712)	-	(1,681)	-
8300 Other comprehensive income (net)		(\$ 2,129)	-	(\$ 34,192)	-
8500 Total comprehensive income for the period		\$ 251,744	3	(\$ 24,516)	-
Net profit (loss) attributable to:					
9750 Basic earnings (losses) per share	6(28)	\$	0.52	\$	0.02
9850 Diluted earnings (losses) per share	6(28)	\$	0.52	\$	0.02

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

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024
(Expressed in thousands of New Taiwan dollars)

		Retained earnings				Unrealized gains and losses from	
	Note	Common stock	other	statutory surplus reserve	Undistributed earnings	financial assets at fair value through other comprehensive income	Total equity
<u>For the year ended December 31, 2024</u>							
Balance at January 1, 2024		\$ 4,922,802	\$ 519	\$ 84,592	\$ 318,417	\$ 73,769	\$ 5,400,099
Net profit for the period		-	-	-	9,676	-	9,676
Other comprehensive income for the period	6(6)	-	-	-	6,724	(40,916)	(34,192)
Total comprehensive income for the period		-	-	-	16,400	(40,916)	(24,516)
Earnings Appropriation and Distribution:	6(19)						
Appropriation of statutory surplus reserve		-	-	6,279	(6,279)	-	-
Balance at December 31, 2024		<u>\$ 4,922,802</u>	<u>\$ 519</u>	<u>\$ 90,871</u>	<u>\$ 328,538</u>	<u>\$ 32,853</u>	<u>\$ 5,375,583</u>
<u>For the year ended December 31, 2025</u>							
Balance at January 1, 2025		\$ 4,922,802	\$ 519	\$ 90,871	\$ 328,538	\$ 32,853	\$ 5,375,583
Net profit for the period		-	-	-	253,873	-	253,873
Other comprehensive income for the period	6(6)	-	-	-	2,847	(4,976)	(2,129)
Total comprehensive income for the period		-	-	-	256,720	(4,976)	251,744
Earnings Appropriation and Distribution:	6(19)						
Appropriation of statutory surplus reserve		-	-	1,640	(1,640)	-	-
Balance at December 31, 2025		<u>\$ 4,922,802</u>	<u>\$ 519</u>	<u>\$ 92,511</u>	<u>\$ 583,618</u>	<u>\$ 27,877</u>	<u>\$ 5,627,327</u>

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

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
(Expressed in thousands of New Taiwan dollars)

	Note	For the years ended December 31	
		2025	2024
<u>Cash Flows from Operating Activities</u>			
Net profit before tax		\$ 272,703	\$ 20,810
Adjustments			
Adjustments to reconcile profit			
Benefits of financial assets measured at fair value through profit or loss	6(23)	-	(2,429)
Depreciation (including right-of-use assets and investment property)	6(23)(25)	102,932	110,346
Amortization	6(25)	2,775	2,681
Expected credit impairment loss	12(2)	49,403	119,379
Interest expense	6(24)	25,861	26,779
Interest income	6(21)	(48,356)	(31,520)
Dividend income	6(22)	(276)	(33,179)
Impairment loss on property, plant and equipment	6(7)(10)(23)	21,694	-
Disposal of real estate, factory buildings and equipment losses	6(23)	1,604	
Lease Modification Benefit	6(8)(23)	(12,885)	(321)
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets		362,115	(769,027)
Accounts receivable		247,337	(230)
Other receivables		4,678	(19,272)
Other receivables- Relevant person		(678)	8,828
Inventories		-	93,132
Prepayments		(14,308)	(15,460)
Other current assets		(100,000)	65,600
Cost of fulfilling contracts		(177,260)	(15,508)
net defined benefit assets		(6,881)	(13,121)
Net changes in operating liabilities			
Contract liabilities		1,584,637	2,679,412
Notes payable		(113,419)	197,049
Accounts payable		300,639	389,625
Other payables		37,572	39,014
Provisions for liabilities		(2,346)	(71,686)
Other current liabilities		3,707	(5,553)
Net defined benefit liabilities		-	(423)
Cash inflow from operations		2,541,239	2,774,926
Interest received		48,407	31,629
Interest paid		(26,049)	(26,658)
Dividend received	6(22)	276	33,179
Refund (payment) of income tax		4,047	(2,997)
Cash inflow from operating activities		2,567,920	2,810,079

(Continued)

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31	
	Notes	2025	2024
<u>Cash Flows From Investing Activities</u>			
Disposal of financial assets at fair value through profit or loss		-	21,254
To acquire financial assets at amortised cost		(7,995,257)	(8,546,609)
Disposal of financial assets acquired at amortized cost		6,158,623	6,131,059
Proceeds from acquisition of property, plant and equipment	6(29)	(47,031)	(42,831)
Disposal proceeds from the sale of real estate, factory buildings and equipment		29	-
Proceeds from acquisition of intangible assets	6(29)	(3,000)	(3,774)
Margin deposits increase		(54,010)	(14,865)
Margin deposits decrease		29,957	48,427
Net cash outflows from investing activities		(1,910,689)	(2,407,339)
<u>Cash Flows From Financing Activities</u>			
Borrow short-term borrowings	6(30)	1,712,425	1,720,000
Repayment of short-term borrowings	6(30)	(1,795,425)	(1,540,000)
Borrow long-term borrowings	6(30)	-	400,000
Repayment of long-term borrowings	6(30)	(165,254)	(401,423)
Increase in deposits received	6(30)	2,654	13,352
Decrease in deposits received	6(30)	(87,418)	(81,235)
Lease liability principal payments	6(30)	(43,499)	(67,262)
Net cash (outflows) inflows from financing activities		(376,517)	43,432
Increase in cash and cash equivalents for the period		280,714	446,172
Cash and cash equivalents balance at beginning of the period		1,912,422	1,466,250
Cash and cash equivalents balance at end of the period		\$ 2,193,136	\$ 1,912,422

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

Kung Sing Engineering Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

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

1. History of the Company

- (1) Kung Sing Engineering Corporation (the "Company") was established in February 1947. The main business activities of the Company and its subsidiaries (the "Group") are the construction and repairing of roads and bridges as well as development of house and building.
- (2) The Company's shares had been listed and traded on Taipei Exchange since November 18, 1999 and was officially terminated on December 18, 2012 then have been listed and traded on the Taiwan Stock Exchange.

2. The Date and Procedure of Authorization for Issuance of the Financial Statements

The consolidated financial statements were reported to and issued by the Board of Directors on March 6, 2026.

3. Application of New Standards, Amendments and Interpretations

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC").

The following table summarizes the newly issued, revised and revised standards and interpretations of IFRS accounting standards approved and issued by the Financial Supervisory Commission and effective in 2025:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21, "Lack of convertibility"	January 1, 2025

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

(2) The impact of the newly released and revised IFRS accounting standards approved by the Financial Supervisory Commission has not yet been adopted

The following table summarizes the newly issued, revised and revised standards and interpretations of IFRS accounting standards approved and issued by the Financial Supervisory Commission and effective in 2026:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9 and IFRS 7, "Revision of Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7, "Contracts involving natural electricity"	January 1, 2026
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17, "Initial application of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

The Company has assessed that the above standards and interpretations have no material impact on the Company's financial condition and financial performance.

(3) The impact of IFRS accounting standards that have been issued by the International Accounting Standards Board but have not yet been endorsed by the FSC

The following table summarizes the newly issued, revised and revised standards and interpretations of IFRS accounting standards that have been issued by the International Accounting Standards Board but have not yet been incorporated into the IFRS accounting standards approved by the FSC.

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</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 International Accounting Standards Board
Amendments to IFRS 18, "Presentation and Disclosure of Financial Statements"	January 1, 2027
Amendments to IFRS 19, "Subsidiaries without public responsibility: disclosure"	January 1, 2027
Amendments to IAS 21, "Converted to highly inflationary currency"	January 1, 2027

Note: In a press release dated September 25, 2025, the Financial Supervisory Commission (FSC) announced that publicly traded companies will be subject to International Financial Reporting Standard 18 (IFRS 18) starting in 2028.

Furthermore, if a company has a need to apply IFRS 18 ahead of schedule, it may choose to do so after the FSC approves IFRS 18.

Except for the following IFRS No. 18 "Presentation and Disclosure of Financial Statements" which is yet to be evaluated, the Group has assessed that the above standards and interpretations have no significant impact on the Group's financial position and financial performance.

IFRS 18 "Presentation and Disclosures in Financial Statements" replaces IFRS 1 and updates the structure of the consolidated income statement, adds disclosures on management performance measurement, and strengthens the summary applied to the main financial statements and notes. and segmentation principles.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - a. Financial assets at fair value through profit or loss.
 - b. Financial assets at fair value through other comprehensive income.
 - c. The defined benefit assets are recognized as the net amount of the pension plan assets minus the present value of the defined benefit obligations.
- B. The preparation of financial statements in conformity with IFRSs, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of the consolidated financial statements
 - a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from

the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

- b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- c. Components of profit and loss and other comprehensive income are attributable to the parent company's owners and non-controlling equity; the total comprehensive income is also attributable to the parent company's owners and non-controlling equity, even if it leads to a loss balance of non-controlling equity.
- d. When the Group loses the control of the subsidiary, the remaining investment in the previous subsidiary is remeasured at fair value and recognized in the fair value of the originally recognized financial assets or the cost of the originally recognized investment affiliate or joint venture. The difference between fair value and book value is recognized in current profit and loss. For all amounts previously recognized in other comprehensive income related to the subsidiary, the accounting treatment is the same as the basis for the Group to directly dispose of the related assets or liabilities, that is, if the profits or losses previously recognized in other comprehensive income will be reclassified as profit or loss when the related assets or liabilities are disposed of. When the Group loses the control of the subsidiary, the Group will reclassify the profit or loss from equity to profits or losses.

B. Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Business nature	Ownership (%)		Note
			December 31, 2025	December 31, 2024	
The Company	Chan Pang	Houses and buildings	-	100	
	Industrial Co., Ltd.	development, leasing and investment			
As above	Kung Sing	Houses and buildings	100	100	
	Development Co., Ltd.	development, leasing and investment			

Note: In order to simplify the investment structure, the Group decided to cease operations in accordance with Article 128-1 of the Company Law on December 13, 2024, and went through the dissolution and liquidation of its subsidiary Chan Pang Industrial Co., Ltd. in accordance with the law. The company completed its liquidation process and deregistration in September 2025.

- C. Subsidiaries not included in the consolidated financial statements
None.
- D. Adjustments for subsidiaries with different balance sheet dates
None.
- E. Significant restrictions on subsidiaries' ability to transfer funds to parent company
None.
- F. Subsidiaries that have non-controlling equity that are material to the Group
None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

Foreign currency transactions and balances

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon retranslation at the balance sheet date are recognized in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are retranslated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are retranslated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. All foreign exchange gains and losses are presented in the comprehensive income statement within "other gains and losses".

(5) Classification of current and non-current items

As the operating cycle for construction contracts usually exceeds one year, the Group uses the operating cycle as its criteria for classifying current and non-current assets and liabilities related to construction contracts. For other assets and liabilities, the criterion is one year:

- A. Assets that meet one of the following criteria are classified as current assets:
 - a. Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - b. Assets held mainly for trading purposes;
 - c. Assets that are expected to be realized within twelve months from the balance sheet date;
 - d. Cash and cash equivalents, except those restricted from being exchanged or used to settle liabilities at least twelve months after the reporting period. Those that do not meet the above-mentioned criteria are classified as non-current assets.
- B. Liabilities that meet one of the following criteria are classified as current liabilities:
 - a. Liabilities that are expected to be settled within the normal operating cycle;
 - b. Liabilities arising mainly from trading purposes;
 - c. Those due for repayment within twelve months after the reporting period

- d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Those that do not meet the above-mentioned criteria are classified as non-current liabilities.

(6) Equivalent to cash

Cash equivalents refer to short-term and highly liquid investments that can be converted into fixed amounts of cash at any time and are subject to minimal risk of changes in value. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments for operations are classified as cash equivalents.

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

- A. These are financial assets that are not measured at amortized cost or at fair value through other comprehensive profit or loss.
- B. The Group uses transaction date accounting for financial assets measured at fair value through profit or loss that conform to customary transactions.
- C. The Group measures it at fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss, and subsequently measured at fair value, with the benefit or loss recognized in profit or loss.
- D. When the right to receive dividends is established, the economic benefits related to the dividends are likely to flow in, and the amount of dividends can be measured reliably, the Group recognizes dividend income in profit or loss.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized in revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets measured at amortised cost

- A. Refers to those who meet the following conditions at the same time:
 - a. The financial asset is held under an operating model whose purpose is to collect contractual cash flows.
 - b. The contractual terms of the financial asset generate cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.
- B. The Group uses trade date accounting for financial assets measured at amortised cost in accordance with trading conventions.

- C. The Group measures its fair value plus transaction costs at the time of original recognition, and subsequently recognizes interest income and impairment losses during the circulation period using the effective interest method and amortization procedure. Losses are recognised in profit or loss.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to unconditionally receive consideration in exchange for transferred goods or services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor)-operating lease

During the lease term, the gains of operating lease deduct incentives given to lessee is recognized in current income on a straight-line basis over the lease term.

(14) Inventory

- A. The land held for construction site and the construction in progress are initially recorded at cost. The land held for construction site is transferred to the construction in progress when it is actively developed, and the interest is capitalized during the period from the time of active development or construction work to the completion date.
- B. At the end of the period, we adopt the item-by-item comparison method to compare the cost to the net realizable value. The net realizable value is the balance, under normal circumstances, the estimated selling price deducts the costs and the sales expenses still required to complete the construction.

(15) Property, plant and equipment

- A. Property, plant and equipment are recorded on an acquisition cost basis.
- B. Subsequent costs are included in the asset's carrying amount or recognized in a separate, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All

other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Except for land, property, plant and equipment apply cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant or equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Building and structure	10-53 years
Machine equipment	3-7 years
Transportation Equipment	2-6 years
Other equipment	3-9 years

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

- A. Lease assets are recognized in a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognized in expense on a straight-line basis over the lease term.
- B. Lease liabilities are recognized at present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments conclude:
 - (a) Fixed payments deducts any lease incentives receivable.
 - (b) Variable lease payments depend on an index or a rate.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost, including the amount of the initial measurement of lease liability and any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized in an adjustment to the right-of-use asset.
- D. Except for lease modifications that reduce the scope of the lease, the lessee should reduce the carrying amount of the right-of-use asset to reflect the partial or complete termination of the lease, and recognize the difference between the remeasured lease liability and the lease liability in profit or loss. All other lease

modifications will adjust the lease liability accordingly to the right-of-use asset in terms of the measurement amount.

(17) Investment property

The investment property is stated initially at cost and measured subsequently by cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10 or 53 years.

(18) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3-5 years.

(19) Impairment of non-financial assets

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

(20) Borrowings

- A. Borrowings are long-term and short-term borrowings from bank. Borrowings are recognized initially at fair value deducts transaction costs. Subsequently, for any difference between the proceeds after deduction of transaction costs and the redemption value is recognized in interest expense in profit or loss by effective interest method during amortization process in circulation period.
- B. Fees paid when establishing a borrowing line are recognized as prepayments when it is likely that part or all of the line will be withdrawn, and will be amortized during the period related to the line.

(21) Notes and accounts payable

- A. Accounts payable are liabilities for purchasing of raw materials, goods or services and notes payable those resulting from operating and non-operating activities.
- B. The short-term accounts and notes payable without bearing interest are measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) Provisions for liabilities

Provisions (Including warranty liability, loss-making contracts, litigation, etc.) are recognized when the Group has a present legal or constructive obligation due to past events, and it is probable that an outflow of economic resources will be

required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions for liabilities are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. Provisions for liabilities are not recognized for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

a. Defined contribution plans

The contributions are recognized in pension expense when they are due on an accrual basis. Prepaid contributions are recognized in an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date deducts the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the consolidated balance sheet date).

(b) Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(c) Prior period service costs are recognized immediately in profit or loss.

C. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognized in expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. In addition, some employee are paid by stock, and the basis for calculating the number of shares is the closing price of the day before the resolution date of the Board of Directors.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized

in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Using the balance sheet liability method, deferred income tax is recognized based on the temporary differences between the tax basis of assets and liabilities and their book values in the consolidated balance sheet. If deferred income tax arises from goodwill or from the initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss at the time of the transaction, nor does it result in an equivalent taxable and Temporary differences can be deducted and are not accounted for. Deferred income tax is provided for temporary differences arising from investments in subsidiaries, unless the Group is able to control the timing of the reversal of the temporary difference and it is likely that the temporary difference will not be reversed in the foreseeable future. Deferred income taxes are determined using tax rates (and laws) that have been enacted or substantively enacted as of the balance sheet date and are expected to be applicable when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(26) Common stock capital

Common stocks are classified as equity and directly attributable to incremental costs of issuing of new shares. The net amount after deducting income tax is recognized in the equity as a proceeds deduction.

(27) Revenue recognition

- A. Project revenue from construction contracts
 - a. The Group is engaged in civil engineering construction. Since the assets are controlled by the customer, revenue is gradually recognized over time based on the proportion of the project evaluation and estimated progress to the

total contract revenue. When the completion of the contract performance obligations cannot be reasonably measured, contract revenue is only recognized within the scope of predictably recoverable cost.

- b. Contract is composed of fixed price and variable consideration. Variable consideration (For example, price adjustments that meet the contract conditions, any changes related to the contract work, subsidies and incentives calculated based on the number of days the construction period is extended, etc.) is estimated by the expected value or the most likely amount based on the past experience. The Group only recognizes the contract revenue when the amount is highly likely not to be material reversal. The customers pay the contract proceed according to the agreed payment schedule, when the service provided by the Group exceeds the payables, the Group recognizes the contract revenue. When the payables exceed the service provided by the Group, the Group recognizes the contract revenue liabilities.
 - c. The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.
 - d. Cost of customer contract
When the cost and contract generated from fulfilling the customer contract, or the identifiable, and predictably recoverable resources can be expected to satisfy performance obligations in the future, the Group recognizes the cost of fulfilling the contract as assets
- B. Land development, housing construction and sale
- a. The Group operates land development and housing construction recognizes profit when the control of real estate is transferred to customers. As for the sale contract, until the transfer of the legal ownership of the real estate to the customer, the Group has an enforceable right to the contract payment. Therefore, profit is recognized at the timing when the legal ownership is transferred to the customer.
 - b. Profit is measured by the amount agreed in the contract. The customer pays the contract proceed when the legal ownership of the real estate is transferred. In rare cases, the Group has agreed with customers to defer the payment time, but the deferred repayment period does not exceed 12 months. Judging that the contract does not have a significant financial component, so the consideration amount will not be adjusted.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of the consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Construction contract

Project revenue and costs are mainly generated by contracting construction projects. When the results of the construction contract can be reliably estimated, revenue is gradually recognized over time based on the proportion of project costs incurred to date to the estimated total cost.

The estimated total cost is obtained by the management's assessment and judgment based on different project nature, estimated contract amount, construction period, project construction and construction methods, etc. Because it involves subjective judgment and has a high degree of estimation uncertainty, it may affect the recognition of project revenue. The transaction price of the Group's construction contract that has not yet fulfilled its performance obligations is explained in Note 6(20).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Check deposits and demand deposits	\$ 2,182,631	\$ 1,849,724
Cash on hand and revolving funds	10,505	12,698
Time deposit	-	50,000
	<u>\$ 2,193,136</u>	<u>\$ 1,912,422</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Deposits that are restricted in use due to the provision of performance guarantees as collateral have been transferred to "Financial assets measured at amortized cost - current" for details in Notes 6(2) and 8.
- C. There has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost - current

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Reserve account deposits	\$ 6,787,699	\$ 4,942,745
pledged time deposit	136,759	145,079
	<u>\$ 6,924,458</u>	<u>\$ 5,087,824</u>

- A. The breakdown of financial assets measured at amortised cost recognised in profit or loss is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
interest income	<u>\$ 38,817</u>	<u>\$ 19,045</u>

- B. Without considering other credit enhancements, the exposure amount that best represents the Group's holdings of financial assets with the greatest credit risk measured at amortized cost is its book value.
- C. Please refer to Note 8 for details on the circumstances in which the Group provides financial assets measured at amortized cost as pledges.
- D. Please refer to Note 12(2) for information on the credit risk of financial assets measured by amortized cost.

(3) Accounts receivable

	December 31, 2025	December 31, 2024
Project receivables	105,352	345,070
Accounts receivable	-	7,619
	<u>\$ 105,352</u>	<u>\$ 352,689</u>

- A. The company's project receivables are from government units, public enterprises, private institutions and other institutions. The receivables are not overdue or impaired. For information on the credit risk of accounts receivable, please refer to Note 12(2).
- B. The accounts receivable balances on December 31, 2025 and December 31, 2024 are all arising from customer contracts. In addition, the accounts receivable under customer contracts on January 1, 2024 is NT\$352,459.

(4) Inventory

	December 31, 2025	December 31, 2024
Buildings and land held for sale	\$ 226,513	\$ 226,513
Construction in progress	130,505	130,505
	<u>\$ 357,018</u>	<u>\$ 357,018</u>

- A. The Group's inventory costs recognized as expense losses in 2025 and 2024 are NT\$0 and NT\$97,710 respectively.
- B. For information on the guarantee provided by the Group's inventory, please refer to Note 8 for details.

(5) Cost of fulfilling contracts

	December 31, 2025	December 31, 2024
Prepayment for materials and construction	\$ 478,527	\$ 461,700
Prepayment for construction insurance	258,974	98,541
	<u>\$ 737,501</u>	<u>\$ 560,241</u>

(6) Financial assets at fair value through other comprehensive income—non-current

Items	December 31, 2025	December 31, 2024
Equity instruments		
Non-listed stocks	\$ 51,896	\$ 51,896
Valuation adjustments	32,477	37,453
	<u>\$ 84,373</u>	<u>\$ 89,349</u>

- A. The Group chooses to classify the equity instruments of strategic investment as financial assets at fair value through other comprehensive income. The fair value of the investments at December 31, 2025 and 2024 were NT\$84,373 and NT\$89,349, respectively.

- B. The details of the equity instruments recognized in comprehensive profit or loss at fair value through other comprehensive profit or loss are as follows:

	For the year ended December 31	
	2025	2024
Fair value change recognized in other comprehensive income	<u>(\$ 4,976)</u>	<u>(\$ 40,916)</u>
Dividend profit recognized in profit or loss held at end of period	<u>\$ 276</u>	<u>\$ 32,634</u>

- C. The credit risk related information of the financial assets at fair value through other comprehensive income is described in Note 12 (2).

(7) Property, Plant and Equipment

	2025				
	Land	Buildings and structures	Machinery equipment	Transport and other equipment	Total
January 1					
Cost	\$ 342,826	\$ 247,869	\$ 105,157	\$ 80,764	\$ 776,616
Accumulated depreciation and impairment	<u>(81,980)</u>	<u>(123,941)</u>	<u>(26,018)</u>	<u>(29,848)</u>	<u>(261,787)</u>
	<u>\$ 260,846</u>	<u>\$ 123,928</u>	<u>\$ 79,139</u>	<u>\$ 50,916</u>	<u>\$ 514,829</u>
January 1	\$ 260,846	\$ 123,928	\$ 79,139	\$ 50,916	\$ 514,829
Additions	990	20,650	8,703	23,857	54,200
Depreciation expense	-	(9,603)	(19,017)	(14,581)	(43,201)
Disposition-Cost	-	-	-	(2,329)	(2,329)
Disposition - Accumulated depreciation	-	-	-	696	696
Impairment losses	<u>(11,937)</u>	<u>(9,757)</u>	<u>-</u>	<u>-</u>	<u>(21,694)</u>
December 31	<u>\$ 249,899</u>	<u>\$ 125,218</u>	<u>\$ 68,825</u>	<u>\$ 58,559</u>	<u>\$ 502,501</u>
December 31					
Cost	\$ 343,816	\$ 268,519	\$ 113,860	\$ 102,292	\$ 828,487
Accumulated depreciation and impairment	<u>(93,917)</u>	<u>(143,301)</u>	<u>(45,035)</u>	<u>(43,733)</u>	<u>(325,986)</u>
	<u>\$ 249,899</u>	<u>\$ 125,218</u>	<u>\$ 68,825</u>	<u>\$ 58,559</u>	<u>\$ 502,501</u>
	2024				
	Land	Buildings and structures	Machinery equipment	Transport and other equipment	Total
January 1					
Cost	\$ 342,826	\$ 248,741	\$ 105,821	\$ 58,255	\$ 755,643
Accumulated depreciation and impairment	<u>(81,980)</u>	<u>(115,210)</u>	<u>(15,864)</u>	<u>(21,290)</u>	<u>(234,344)</u>
	<u>\$ 260,846</u>	<u>\$ 133,531</u>	<u>\$ 89,957</u>	<u>\$ 36,965</u>	<u>\$ 521,299</u>
January 1	\$ 260,846	\$ 133,531	\$ 89,957	\$ 36,965	\$ 521,299
Additions	-	-	8,550	25,385	33,935
Depreciation expense	-	(9,603)	(19,368)	(11,434)	(40,405)

Disposition-Cost	-	(872)	(9,214)	(2,876)	(12,962)
Disposition - Depreciation	-	872	9,214	2,876	12,962
December 31	<u>\$ 260,846</u>	<u>\$ 123,928</u>	<u>\$ 79,139</u>	<u>\$ 50,916</u>	<u>\$ 514,829</u>
December 31					
Cost	\$ 342,826	\$ 247,869	\$ 105,157	\$ 80,764	\$ 776,616
Accumulated depreciation and impairment	(81,980)	(123,941)	(26,018)	(29,848)	(261,787)
	<u>\$ 260,846</u>	<u>\$ 123,928</u>	<u>\$ 79,139</u>	<u>\$ 50,916</u>	<u>\$ 514,829</u>

- A. The property, plant and equipment held by the Group were the evaluation results of independent evaluation experts. The evaluation was calculated by comparative method, cost method or income method and classified as the level 3 fair value. The main assumption of the income approach is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Income capitalization rate	1.37%	1.32%

- B. For details regarding the impairment of the Group's real estate, plant and equipment, please refer to Note 6(10).
- C. Please refer to Note 8 for the information on the Group's collateral provided by property, plant and equipment.

(8) Leasing arrangements — lessee

- A. The Group leases various assets, including lands, buildings and transportation equipment. Lease contracts are typically made for periods of 2-10 years. Lease terms are negotiated on an individual basis and contain a wide range of different clauses and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The lease period of the machinery equipment and transportation equipment leased by the Group does not over 12 months. Some of the leased assets that are low-value targets, including machinery equipment, transportation equipment and multi-function office machines.

- C. The changes of right-of-use assets are as follows:

	<u>2025</u>			
	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
January 1	\$ 56,058	\$ 64,047	\$ 1,884	\$ 121,989
Additions	26,997	34,511	-	61,508
Lease modification	768	-	-	768
Depreciation expense	(42,924)	(13,339)	(1,727)	(57,990)
December 31	<u>\$ 40,899</u>	<u>\$ 85,219</u>	<u>\$ 157</u>	<u>\$ 126,275</u>

	<u>2024</u>			
	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
January 1	\$ 19,101	\$ 69,185	\$ 8,731	\$ 97,017

Additions	88,136	6,977	-	95,113
Lease modification	348	(23)	(2,266)	(1,941)
Depreciation expense	(51,527)	(12,092)	(4,581)	(68,200)
December 31	<u>\$ 56,058</u>	<u>\$ 64,047</u>	<u>\$ 1,884</u>	<u>\$ 121,989</u>

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
<u>Items affect profit or loss for the period</u>		
Interest expense on lease liabilities	\$ 3,465	\$ 3,119
Expense on short-term low-value assets lease contracts	25,430 58	15,491 84
Lease Modification Benefit	12,885	321

Because the lessors of the land leased by the Group indirectly used the land during the lease term, they were exempted from some payment obligations at the end of the lease term. The Group recognizes the profit or loss arising from the change in lease payments due to the rent reduction as other benefits and losses.

E. The Group's total lease cash outflows for the years ended December 31, 2025 and 2024 were NT\$72,452 and NT\$85,956, respectively.

(9) Investment property

	2025		
	Land	Buildings and structures	Total
January 1			
Cost	\$ 115,734	\$ 115,202	\$ 230,936
Accumulated depreciation and impairment	-	(79,358)	(79,358)
	<u>\$ 115,734</u>	<u>\$ 35,844</u>	<u>\$ 151,578</u>
January 1	\$ 115,734	\$ 35,844	\$ 151,578
Depreciation expense	-	(1,741)	(1,741)
December 31	<u>\$ 115,734</u>	<u>\$ 34,103</u>	<u>\$ 149,837</u>
December 31			
Cost	\$ 115,734	\$ 115,202	\$ 230,936
Accumulated depreciation and impairment	-	(81,099)	(81,099)
	<u>\$ 115,734</u>	<u>\$ 34,103</u>	<u>\$ 149,837</u>

	2024		
	Land	Buildings and structures	Total
January 1			
Cost	\$ 115,734	\$ 115,202	\$ 230,936
Accumulated depreciation and impairment	-	(77,617)	(77,617)
	<u>\$ 115,734</u>	<u>\$ 37,585</u>	<u>\$ 153,319</u>
January 1	\$ 115,734	\$ 37,585	\$ 153,319
Depreciation expense	-	(1,741)	(1,741)
December 31	<u>\$ 115,734</u>	<u>\$ 35,844</u>	<u>\$ 151,578</u>
December 31			
Cost	\$ 115,734	\$ 115,202	\$ 230,936
Accumulated depreciation and impairment	-	(79,358)	(79,358)
	<u>\$ 115,734</u>	<u>\$ 35,844</u>	<u>\$ 151,578</u>

- A. Rental income and direct operating expense from the investment property are shown below:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Rental income from investment property	<u>\$ 2,711</u>	<u>\$ 3,339</u>
Direct operating expense arising from the investment property that generated rental income in the period	<u>\$ 2,182</u>	<u>\$ 2,410</u>
Direct operating expense arising from the investment property that did not generate rental income in the period	<u>\$ 187</u>	<u>\$ 154</u>

- B. The analysis of the maturity date of the lease payments leased out by the Group under operating leases is as follows:

	December 31, 2025	December 31, 2024
2025	\$ -	\$ 2,974
2026	3,543	2,634
2027	971	686
2028	686	686
2029 and beyond	56	56
	<u>\$ 5,256</u>	<u>\$ 7,036</u>

- C. The fair value of the investment property held by the Group at December 31, 2025 and 2024 were NT\$389,963 and NT\$386,514, respectively, based on the evaluation results of independent evaluation experts. The evaluation was calculated by comparative method, cost method, land development analysis

method and income method and classified as the level 3 fair value. The main assumption of the income method is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Income capitalization rate	1.17%-2.04%	1.21%-2.04%

- D. Please refer to Note 8 for the information on the Group's collateral provided by investment property.

(10) Impairment of non-financial assets

The impairment losses recognized by the Company in profit or loss for the years ended NT\$21,694 and NT\$0 for 2025 and 2024 respectively, as detailed below:

	<u>2025</u>	<u>2024</u>
Mitigation losses - land	\$ 11,937	\$ -
Impairment Losses - Houses and Buildings	9,757	-
	<u>\$ 21,694</u>	<u>\$ -</u>

Based on the assessment results of independent valuation experts, the Company used fair value as the recoverable amount for the impairment test. Because the estimated recoverable amount of certain land, buildings, and structures in 2025 was less than their carrying amount, an impairment loss of NT\$21,694 was recognized.

(11) Other non-current assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Refundable deposits	\$ 62,209	\$ 38,156
prepaid equipment	1,616	5,088
Net defined benefit assets	20,002	13,121
	<u>\$ 83,827</u>	<u>\$ 56,365</u>

(12) Short-term borrowings

<u>Type</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Secured borrowings	<u>\$ 757,000</u>	<u>\$ 840,000</u>
Interest rate range	2.28%~3.00%	2.11%~3.00%

Please refer to Note 8 for details of the pledge collateral of short-term borrowings.

(13) Accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Project payment payable	\$ 790,489	\$ 729,127
Project retainage payable	752,752	513,475
accounts payable	244	244
	<u>\$ 1,543,485</u>	<u>\$ 1,242,846</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Repayment period</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Amortized from		
Medium-term secured borrowings	2022 to 2027	\$ 52,464	\$ 57,615

	After the project remittance ratio reaches 20%, it will be repaid in installments according to 30% of the project payment for each phase	-	41,170
Medium-term secured borrowings	Repayable in installments based on 15% of each project payment		
Medium-term secured borrowings	payment	16,005	134,938
Subtotal		68,469	233,723
Deduct: due within one year		(21,298)	(145,113)
		\$ 47,171	\$ 88,610
Interest rate range		2.10%~2.66%	2.10%~2.63%

A. KSC078 Joint Loan Case

- a. On November 16, 2023, the Group signed a long-term unsecured joint loan, project performance bond and project advance payment repayment guarantee joint credit contract with six financial institutions including Taipei Fubon Commercial Bank and Cooperative Bank Commercial Bank, with a total limit of NT\$ 3,200,000, and the credit period is until January 19, 2033. The main restriction is that the financial ratios of the annual consolidated financial statements should be maintained as follows:
 - (a) The current ratio (current assets/current liabilities) must not be less than 100%.
 - (b) Liabilities ratio (total liabilities/ tangible net worth) shall not be greater than 200%.
 - (c) Interest protection multiples [(income before tax+ interest expense+ depreciation and amortization)/ interest expense paid in the period] shall not be less than 200%.
 - (d) Tangible net worth (net value-intangible assets) shall not be less than NT\$4,000,000
- b. As of December 31, 2025, the undrawn loan amount for this joint loan case was NT\$700,000, and the undrawn guarantee amount was NT\$52,885.

B. KSC081 Joint Loan Case

- a. On June 18, 2024, the company signed a joint credit agreement with ten financial institutions including Taiwan Cooperative Bank for long-term unsecured joint lending, project performance bond and project prepayment repayment guarantee, with a total amount of NT\$5,900,000. On March 17, 2034, the main restriction is that the financial ratios in the annual consolidated financial statements shall be maintained as follows:
 - (a) Current ratio (current assets/ current liabilities) shall not be less than 100%.

- (b) Liabilities ratio (total liabilities/ tangible net worth) shall not be greater than 200%.
 - (c) Interest protection multiples [(income before tax+ interest expense+ depreciation and amortization)/ interest expense paid in the period] shall not be less than 200%.
 - (d) Tangible net worth (net value-intangible assets) shall not be less than NT\$4,000,000
- b. As of December 31, 2025, the undrawn loan amount for this joint loan case was NT\$1,350,000, and the undrawn guarantee amount was NT\$13,709.

C. KSC082 Joint Loan Case

- a. On March 13, 2025, the Group signed a long-term unsecured joint loan, project performance bond and project advance payment repayment guarantee joint credit contract with eight financial institutions including the Land Bank of Taiwan, with a total amount of NT\$3,200,000. The credit period is until March 20, 2035. The main restrictive terms are that the financial ratios of the annual consolidated financial statements should be maintained as follows:
 - (a) The current ratio (current assets/current liabilities) must not be less than 100%.
 - (b) Liabilities ratio (total liabilities/ tangible net worth) shall not be greater than 200%.
 - (c) Interest protection multiples [(income before tax+ interest expense+ depreciation and amortization)/ interest expense paid in the period] shall not be less than 200%.
 - (d) Tangible net worth (net value-intangible assets) shall not be less than NT\$4,000,000
 - b. As of December 31, 2025, the undrawn loan amount for this joint loan case was NT\$710,000, and the undrawn guarantee amount was NT\$916,656.
- D. As of December 31, 2025, In addition to the above-mentioned KCS078, KCS081 and KCS082 joint loan case, the Group's unutilized loan amount is NT\$40,000.
- E. Please refer to Note 12 (2) C. c. for details of the liquidity risks.
- F. Please refer to Note 8 for details of the pledge collateral of long-term borrowings.

(15) Provisions for liabilities

	Warranty	
	2025	2024
January 1	\$ 3,612	\$ 75,298
Use in the current period	-	(4)
Reversal in the current period	(2,346)	(71,682)
December 31	<u>\$ 1,266</u>	<u>\$ 3,612</u>
Recognized as:		
Provisions for liabilities-current	<u>\$ 600</u>	<u>\$ 2,946</u>
Provisions for liabilities-non-current	<u>\$ 666</u>	<u>\$ 666</u>

The Group's warranty provision of liabilities is mainly related to the construction contracts, and is estimated upon historical warranty data. The warranty provision of liabilities is expected to expire from 2026 to 2027.

(16) Net defined benefit liability

A. Nefined benefit plan

- a. The Company has a defined benefit pension plan in accordance with the “Labor Standards Act”, covering all regular employees’ service years prior to the enforcement of the “Labor Pension Act” on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

On November 30, 2025, in accordance with the Labor Standards Act and the Labor Retirement Fund Act, our company reached an agreement with our employees under the old retirement system to settle their old retirement years and apply for payment from the Trust Department of Bank of Taiwan as required. The payment obligation totaling NT\$41,543 was settled on January 21, 2026.

b. Recognized amount in the balance sheet

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligation	(\$ 51,199)	(\$ 57,333)
Fair value of plan assets	<u>71,201</u>	<u>70,454</u>
Net defined benefit liability	<u>\$ 20,002</u>	<u>\$ 13,121</u>

c. The changes in the net certainty of welfare assets are as follows:

	<u>2025</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance, January 1	(\$ 57,333)	\$ 70,454	\$ 13,121
Service cost for the period	(135)	-	(135)
Interest income (expense)	(794)	1,004	210
The number of impacts of the plan reduction	<u>(2,426)</u>	<u>(850)</u>	<u>(3,276)</u>
	<u>(60,688)</u>	<u>70,608</u>	<u>9,920</u>
Remeasurements:			
Return on plan assets	-	5,147	5,147
Changes in financial assumptions	(639)	-	(639)
Experience adjustments	<u>(949)</u>	<u>-</u>	<u>(949)</u>
	<u>(1,588)</u>	<u>5,147</u>	<u>3,559</u>
Pension fund contribution	-	6,523	6,523

Pay pension	11,077	(11,077)	-
Balance, December 31	<u>(\$ 51,199)</u>	<u>\$ 71,201</u>	<u>\$ 20,002</u>
	<u>2024</u>		
	<u>Present value of</u>	<u>Fair value of</u>	<u>Net defined</u>
	<u>defined benefit obligation</u>	<u>plan assets</u>	<u>benefit liability</u>
Balance, January 1	(\$ 72,044)	\$ 71,621	(\$ 423)
Service cost for the period	(137)	-	(137)
Interest income (expense)	(782)	783	1
	<u>(72,963)</u>	<u>72,404</u>	<u>(559)</u>
Remeasurements:			
Return on plan assets	-	6,562	6,562
Changes in financial assumptions	1,267	-	1,267
Experience adjustments	576	-	576
	<u>1,843</u>	<u>6,562</u>	<u>8,405</u>
Pension fund contribution	-	5,275	5,275
Pay pension	13,787	(13,787)	-
Balance, December 31	<u>(\$ 57,333)</u>	<u>\$ 70,454</u>	<u>\$ 13,121</u>

d. The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

e. The principal actuarial assumptions used are as follows:

	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	<u>1.30%</u>	<u>1.55%</u>
Future salary increase rate	<u>2.00%</u>	<u>2.00%</u>

- (a) Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.
- (b) Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows: (December 31, 2025: None)

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2024				
Effect on present value of defined benefit obligation	<u>(\$ 767)</u>	<u>\$ 786</u>	<u>\$ 787</u>	<u>(\$ 765)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024 were NT\$16,415 and NT\$13,145, respectively

(17) Capital Stock

As of December 31, 2025 and 2024, the Company's authorized capital was NT\$6,000,000, divided into 600,000 thousand shares. The paid-up capital was NT\$4,922,802. The par value per share is NT\$10. The payment of issued shares of the Company has been received. The number of outstanding shares of the company's common stock at the beginning and end of the period was both 492,280,000 shares.

(18) Capital surplus

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

(19) Retained earnings

- A. The Company's Articles of Incorporation stipulates that if there is a surplus in the annual final accounts, the tax should be paid first to make up for the previous year's losses, and 10% of the remaining amount shall be set aside as legal reserve. If there is still a surplus plus beginning distributable surplus, the Board of Directors will propose some resolution and decide by Board of Shareholders. The shareholder dividends are distributed in two ways: stock dividends and cash dividends. The proportion of cash dividends is not less than 10% of the total shareholder dividends. When necessary, the surplus distribution could be set aside as special reserve before the dividend distribution.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The company's shareholders' meeting resolutions on June 26, 2025 and June 25, 2024, the profit distribution proposals for 2024 and 2023 are as follows:

	2024	2023
Appropriation of statutory surplus reserve	\$ 1,640	\$ 6,279

The above-mentioned information on the distribution of earnings passed by the board of directors and the resolutions of the shareholders' meeting can be inquired at the Public Information Observatory

- E. On March 6, 2026, the Board of Directors proposed the following profit distribution plan for the year ended December 2025:

	2025	
	Amount	Dividend per share (NT\$)
Appropriation of statutory surplus reserve	\$ 25,672	
Cash dividends	73,842	\$ 0.15

As of the date of this audit report, the Company's 2025 profit distribution plan has not been approved by the shareholders' meeting. Information regarding the Board's approval and shareholders' meeting resolution on profit distribution can be found on the public information monitoring website.

(20) Operating revenue

A. Details of customer contract revenue

The Group's revenue comes from the gradual transfer of control over time or the transfer of products or services at a certain point in time, and related revenue is generated in each reportable segment:

Timing of revenue recognition

	Project contracting	Real estate sales	Other	Total
2025				
Income recognized over time	\$ 9,037,568	\$ -	\$ 822	\$ 9,038,390
2024				
Income recognized over time	\$ 6,981,374	\$ -	\$ 822	\$ 6,982,196
Revenue recognized at a certain point in time	-	116,910	-	116,910
	\$ 6,981,374	\$ 116,910	\$ 822	\$ 7,099,106

B. Contract assets and liabilities

The Group recognized the following customer contract revenue-related contract assets and liabilities:

	December 31, 2025	December 31, 2024
Contract assets:		
Engineering construction contract	\$ 1,855,157	\$ 2,486,628
Project retention receivables	1,126,931	857,575
Deduct: allowance for loss	(700,805)	(651,402)
	<u>\$ 2,281,283</u>	<u>\$ 2,692,801</u>
Contract liabilities :		
Construction contract	<u>\$ 5,009,006</u>	<u>\$ 3,424,369</u>

- (a) The expected recovery situation of project retention derives from construction contracts as follows:

	December 31, 2025	December 31, 2024
2025	-	9,885
2026	693,705	709,162
After 2027 (inclusive)	433,226	138,528
	<u>\$ 1,126,931</u>	<u>\$ 857,575</u>

- (b) The Group's contract assets and liabilities change over time with the contraction performance obligations and timing of customer payment. The Group's contract liabilities increased due to the increase in government engineering projects undertaken since the first quarter of 2024, resulting in advance payments for these projects.

In 2025 and 2024, due to the re-evaluation of the future recoverability of the invested construction costs according to the recent court judgments, etc., the Group has set aside asset impairment losses of NT\$49,403 and NT\$119,379 respectively, resulting in changes in contract assets. Please refer to the progress of the relevant litigation. Explanation of Note 12(2) and Note 9.

- (c) The contract bond of the Group on January 1, 2024 is NT\$744,957, and the initial contract bond. The government subscription deposits in 2025 and 2024 are NT\$2,615,014 and NT\$337,468 respectively.
- (d) Transaction price to non-performance obligation
As of December 31, 2025 and 2024, the total transaction price of the company's unfulfilled performance obligations was NT\$68,233,350 and NT\$74,571,532 respectively. Revenue will be recognized gradually with the completion of construction projects such as bridges and connecting roads, railway civil engineering, mechanical and electrical, ports, etc. These projects are expected to be completed from 2026 to 2033.
- (e) Please refer to Note 12 (2) for details of the contract assets credit risk.

(21) Interest income

	For the year ended December 31 , 2025	For the year ended December 31 , 2024
Interest income from financial assets measured at amortised cost	\$ 38,817	\$ 19,045
Interest income from bank deposits	9,366	11,462
Other interest income	173	184
Deferred interest income	-	829
	<u>\$ 48,356</u>	<u>\$ 31,520</u>

(22) Other income

	For the year ended December 31 , 2025	For the year ended December 31 , 2024
rental income	\$ 4,448	\$ 5,090
Income from refund of litigation and referee fees	4,322	1,898
Revenue from the sale of construction waste	3,103	-
Dividend income	276	33,179
Litigation compensation income	-	44,120
Others	2,631	3,082
	<u>\$ 14,780</u>	<u>\$ 87,369</u>

A. The company and the Taichung Port Branch were involved in additional

lawsuits over the extension of the construction period of the "Taichung Port 106 Pier New Construction Project" and additional litigation. After petitioning the Taichung District Court in June 2022, the two parties reached a settlement and agreed that the Taichung Port Branch would pay the company NT\$1,326 (tax included) for settlement, and recognized litigation compensation income of NT\$1,263.

- B. In April 2023, the Supreme Court sent the lawsuit against the Railway Bureau for compensation for delay in construction of the "CE02 construction standard of the Taiwan Taoyuan International Airport Lianwai Rapid Transit System Construction Project" to the High Court for review. Later, the two parties agreed that the Railway Bureau would pay the Company NT\$45,000 (tax included) to settle, and recognized litigation compensation income of NT\$42,857.

(23) Other gains and losses

	For the year ended December 31 , 2025	For the year ended December 31 , 2024
Lease Modification Benefit	\$ 12,885	\$ 321
Impairment losses on real estate, plant and equipment	(21,694)	-
Depreciation expense of investment property	(1,741)	(1,741)
Disposal of real estate, factory buildings and equipment losses	(1,604)	-
Foreign exchange (loss) gain	(92)	2,640
Benefits of financial assets measured at fair value through profit or loss	-	2,429
Others	(49)	(1,779)
	<u>(\$ 12,295)</u>	<u>\$ 1,870</u>

(24) Financial cost

	For the year ended December 31 , 2025	For the year ended December 31 , 2024
Interest expense:		
Bank loan	\$ 21,640	\$ 23,522
Interest expense on lease liabilities	3,465	3,119
Others	13	14
Other financial expenses	<u>743</u>	<u>124</u>
	<u>\$ 25,861</u>	<u>\$ 26,779</u>

(25) Additional information on the nature of expenses

	For the year ended December 31 , 2025	For the year ended December 31 , 2024
Engineering cost	\$ 7,779,422	\$ 6,126,491
Employee benefit expense	669,527	553,960
Performance guarantee handling fee	131,161	89,106
Depreciation expense of right-of-use assets	57,990	68,200
Depreciation of property, plant and equipment	43,201	40,405
Amortization expense of intangible assets	2,775	2,681
	<u>\$ 8,684,076</u>	<u>\$ 6,880,843</u>

(26) Employee benefit expense

	For the year ended December 31, 2025	For the year ended December 31, 2024
Wages and salaries	\$ 566,067	\$ 463,767
Labor and health insurance fees	53,089	47,610
Pension costs	19,616	13,281
Directors' remunerations	4,008	2,595
Other personnel expenses	26,747	26,707
	<u>\$ 669,527</u>	<u>\$ 553,960</u>

A. In accordance with the Company's Articles of Incorporation, if there is a balance after deducting accumulated deficits from profit, the Company shall distribute bonus to the employees and pay remuneration to the directors that should be 3%-5% and not be higher than 3%, respectively, of the total distributed amount. At least 50% of the total employee compensation should be allocated to lower-level employees.

B. The estimated employee compensation for the Company in 2025 and 2024 is NT\$8,477 and NT\$1,090, respectively, and the estimated directors' compensation is NT\$1,413 and NT\$0, respectively. These amounts are recorded under the salary expense category.

In 2025, the employee remuneration is estimated at 3% and 0.5% based on the profit of the year and directors' remuneration. The board of directors approved the actual allocation amount of NT\$8,477 and NT\$1,413, of which employee remuneration will be paid in cash.

The employee remuneration and director remuneration for 2024 approved by the board of directors are consistent with the amounts recognized in the 2024 annual financial report.

Information of the remuneration of employees and directors approved by the Board of Directors of the Company can be obtained from the “Market Observation Post System”.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Current tax:		
Current tax	\$ 27	\$ -
Surtax on undistributed retained earnings	738	2,826
Tax credit for undistributed earnings	(6,408)	-
Income tax in the previous year was exceeded estimates	(402)	(590)
Current income tax amount	(6,045)	2,236
Deferred tax:		
Origination and reversal of temporary differences	24,875	8,898
	<u>\$ 18,830</u>	<u>\$ 11,134</u>

(b) Income tax amount relating to other comprehensive income:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Remeasurement of defined benefit obligation	<u>\$ 712</u>	<u>\$ 1,681</u>

B. Reconciliation between income tax expense and accounting profit:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Income tax calculated by applying statutory rate to the net loss before tax	\$ 54,541	\$ 4,162
Income loss that is exempt from taxation under the income tax law	(64)	(7,386)
Income calculated according to the income tax law	19,314	1,354
Expenses that should be excluded according to the income tax law	221	162
Deferred income tax assets not recognized for temporary differences	11,938	22,211
Tax losses were not recognized as deferred tax assets	474	-
Changes in assessment of realizability of deferred tax assets	(61,522)	(11,605)
Income tax on undistributed surplus	738	2,826
Tax credit for undistributed earnings	(6,408)	-
Income tax (high) underestimation for previous years	(402)	(590)

Income tax expense

\$	18,830	\$	11,134
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C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

2025				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Unrealized gross profit	\$ 2,447	\$ -	\$ -	\$ 2,447
Property, plant and equipment impairment losses	3,189	-	-	3,189
Investment property impairment losses	418	-	-	418
Others	1,807	266	-	2,073
-Tax losses	24,477	(24,477)	-	-
Subtotal	\$ 32,338	(\$ 24,211)	\$ -	\$ 8,127
Deferred tax liabilities:				
-Temporary differences:				
Net defined benefit assets	(\$ 2,624)	(\$ 664)	(\$ 712)	(\$ 4,000)
Total	\$ 29,714	(\$ 24,875)	(\$ 712)	\$ 4,127
2024				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Warranty liabilities	\$ 1,422	(\$ 1,422)	\$ -	\$ -
Unrealized gross profit	3,450	(1,003)	-	2,447
Property, plant and equipment impairment losses	3,189	-	-	3,189
Net defined benefit liabilities	85	(85)	-	-
Investment property impairment losses	418	-	-	418
Others	1,602	205	-	1,807
-Tax losses	30,127	(5,650)	-	24,477
Subtotal	\$ 40,293	(\$ 7,955)	\$ -	\$ 32,338
Deferred tax liabilities:				
-Temporary differences:				
Net defined benefit assets	\$ -	(\$ 943)	(\$ 1,681)	(\$ 2,624)
Total	\$ 40,293	(\$ 8,898)	(\$ 1,681)	\$ 29,714

- D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2025				
<u>Year incurred</u>	<u>Amount filed/assessed</u>	<u>Unused amount</u>	<u>Unrecognized deferred tax assets</u>	<u>Expiry year</u>
The Company:				
2020 (number of declarations)	1,246,240	963,271	963,271	2030
Subsidiaries:				
2016-2020	13,558	13,558	13,558	2026-2030
2022	2,552	2,552	2,552	2032
2025	2,369	2,369	2,369	2035

December 31, 2024				
<u>Year incurred</u>	<u>Amount filed/assessed</u>	<u>Unused amount</u>	<u>Unrecognized deferred tax assets</u>	<u>Expiry year</u>
The Company:				
2018 (approved number)	\$ 128,575	\$ 122,388	-	2028
2020 (number of declarations)	1,246,240	1,246,240	1,246,240	2030
Subsidiaries:				
2015-2020	19,408	19,408	19,408	2025-2030
2022	2,552	2,552	2,552	2032

- E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deductible temporary differences	<u>\$ 794,288</u>	<u>\$ 881,676</u>

- F. The Group's profit-seeking enterprise income tax has been approved by the tax collection authorities:

	<u>Income tax approved year</u>
The Company	2023
Kung Sing Development Co., Ltd.	2023

(28) Earnings per share

For the year ended December 31, 2025			
		Retrospective adjustment Weighted average number of ordinary shares outstanding	Earnings per share
	Amount after tax	(shares in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent company for the period	\$ 253,873	492,280	\$ <u>0.52</u>
<u>Diluted earnings per share</u>			
Effect from dilutive potential ordinary shares-employees' compensation	-	381	
Profit attributable to ordinary shareholders of the parent plus potential ordinary shares	<u>\$ 253,873</u>	<u>492,661</u>	<u>\$ 0.52</u>
For the year ended December 31, 2024			
		Retrospective adjustment Weighted average number of ordinary shares outstanding	Losses per share
	Amount after tax	(shares in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent company for the period	\$ 9,676	492,280	\$ <u>0.02</u>
<u>Diluted earnings per share</u>			
Effect from dilutive potential ordinary shares-employees' compensation	-	151	
Profit attributable to ordinary shareholders of the parent plus potential ordinary shares	<u>\$ 9,676</u>	<u>492,431</u>	<u>\$ 0.02</u>

(29)

Investing activities that are only
partially paid in cash

	December 31, 2025	December 31, 2024
Acquisition of real estate, plant and equipment	\$ 54,200	\$ 33,935
Add: end-of-period advance payment for equipment	1,486	5,088
Notes payable at the beginning of the period	1,052	4,860
Notes payable at the end of the period	(4,619)	(1,052)
Less: Prepayment at the beginning of the period for equipment	(5,088)	-
Cash payment in the current period	<u>\$ 47,031</u>	<u>\$ 42,831</u>
Acquisition of intangible assets	\$ 4,694	\$ 3,358
Add: end-of-period advance payment for equipment	676	762
Notes payable at the beginning of the period	130	-
Less: Prepayment at the beginning of the period for equipment	(762)	(216)
Notes payable at the end of the period	(1,738)	(130)
Cash payment in the current period	<u>\$ 3,000</u>	<u>\$ 3,774</u>

(30) Changes in liabilities from financing activities

	2025				Total liabilities
	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	from financing activities
January 1	\$ 840,000	\$ 233,723	\$ 123,585	\$ 161,300	\$ 1,358,608
Changes in cash flow from financing activities	(83,000)	(165,254)	(43,499)	(84,764)	(376,517)
New in this issue	-	-	61,508	-	61,508
Interest expense paid (Note)	-	-	(3,465)	-	(3,465)
Changes in other non-cash items	-	-	(8,652)	-	(8,652)
December 31	<u>\$ 757,000</u>	<u>\$ 68,469</u>	<u>\$ 129,477</u>	<u>\$ 76,536</u>	<u>\$ 1,031,482</u>

	2024				Total liabilities
	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	from financing activities
January 1	\$ 660,000	\$ 235,146	97,996	\$ 229,183	\$ 1,222,325
Changes in cash flow	180,000	(1,423)	(67,262)	(67,883)	43,432

from financing activities

New in this issue	-	-	95,113	-	95,113
Interest expense paid					
(Note)	-	-	(3,119)	-	(3,119)
Changes in other					
non-cash items	-	-	857	-	857
December 31	<u>\$ 840,000</u>	<u>\$ 233,723</u>	<u>\$ 123,585</u>	<u>\$ 161,300</u>	<u>\$ 1,358,608</u>

Note: Cash flow from operating activities listed in the table

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Directors, General Manager and Deputy General Manager, etc.	Key member of the management
Ch'uan fu Investment Co., Ltd.	Serving as a director of the company
Pan, jun-rong	Other related party

(2) Significant transactions with related parties

A. Endorsement and guarantees

- The Group's borrowings and guarantees for bank financing contracts are jointly and severally guaranteed by the Group's key management members and other related parties. As of December 31, 2025 and 2024, the total amount of guarantees by related parties is respectively NT\$17,560,486 and NT\$17,620,249.
- The borrowings amount of mutual endorsement guarantee provided by the Group and other related parties in accordance with the borrowings contract was NT\$55,685 and NT\$55,685, the actual used amount was NT\$55,685 and NT\$55,685, respectively at December 31, 2025 and 2024.
- For information on the Group's provision of inventories as guarantee for loans from other related parties, please refer to Note 8 for details.

B. Joint construction and separate sale

The Group entered into a joint development agreement with other related parties, under which Mr. Pan Junrong, a related party, provided a small plot of land in the Dahudi area of Ankeng section, Xindian City, and the Group funded the construction of houses. The project was completed in 2018. As of December 31, 2025 and 2024, the Group paid NT\$39,420 and NT\$38,733 respectively on behalf of Mr. Pan Junrong, the related costs for the joint development, as listed in "Other Receivables - Related Parties".

C. Rental income (table "Other income")

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other related party	<u>\$ 23</u>	<u>\$ 23</u>

The Group leases part of its office space to related parties, and the calculation and collection methods are equivalent to those of non-related parties.

(3) The compensation of key member of the management

	For the year ended December 31, 2025	For the year ended December 31, 2024
Short-term employee benefits	\$ 32,672	\$ 18,757
Post-employment benefits	681	515
	<u>\$ 33,353</u>	<u>\$ 19,272</u>

8. Pledged Assets

The details of the pledged assets are as follows:

Items	Book value		Purpose
	December 31, 2025	December 31, 2024	
Financial assets measured at amortised cost	\$ 6,924,458	\$ 5,087,824	Provided to banks and owners as a guarantee for short-term loans and construction performance guarantees
Inventory - Properties for sale	226,513	226,513	Provide loan guarantees to related parties
Margin deposits (listed as other current assets)	100,000	-	Project deposit
Property, plant and equipment	303,504	300,744	Short-term loan guarantee
Investment property	100,875	102,339	Long and short term loan guarantee
	<u>\$ 7,655,350</u>	<u>\$ 5,717,420</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

- (1) As of December 31, 2025, the amount issued but not used for purchasing goods by the Group was NT\$126,415, and the amount of the guarantee issued by the bank for the performance, advance construction receipts and warranty was NT\$10,206,835.
- (2) As of December 31, 2025, the amount of notes issued by the Group due to the lease contracts was NT\$9,607.
- (3) The engineering litigation judgment and status as of December 31, 2025:
 - A. The Company won the tender for the Muzha Extension (Neihu line) CB410 Section Project put out by the Eastern District Project Office (First District Project Office for now), Department of Rapid Transit Systems, Taipei City Government. Both sides signed the project procurement contract on June 12, 2003. The Company has completed all projects and received the qualification approval from the Eastern District Project Office in December 2012. However, after the commencement of construction on June 16, 2003, various factors that are not attributable to the Company have affected the implementation of the aforementioned projects. The Eastern District Project Office approved 278 and 122 days extensions of time with the total number of 400 days. The related costs and expense increased due to the extensions of time. According to the contract, it should be adjusted to increase the project payment to indemnify. In December

2010, the Company filed a lawsuit with the Taipei District Court to the Eastern District Project Office for payment of indemnification of extensions of time and the prejudgment interest. The related judgments are as follows:

- (a) The trial court judged that the First District Project Office shall pay the Company NT\$17,723 and 386 thousand US dollars and the prejudgment interest and dismissed other suits.
- (b) Both the Company and the First District Project Office appealed against the judgment. The court of second instance has not yet rendered a judgment.

B. The Company won the tender for the Linkou Thermal Power Plant Refurbishment and Expansion Project-Diversion Dike of Water Outlet, Northern Jetty, Coal Unloading Pier, Connection Bridge and Other Associated Facilities Construction Project put out by the Northern Construction Office, Department of Nuclear and Fossil Power Projects, Taiwan Power Company. Both sides signed the project procurement contract on June 3, 2010. The Company has completed all projects and received the qualification approval from the Northern Construction Office. However, after the commencement of construction on June 14, 2010, various factors such as adverse weather conditions, rough sea, obstruction from fishermen, typhoon, the Chinese New Year and design modification that are not attributable to the Company have affected the implementation of the critical path of the project. The Northern Construction Office approved 19 times extensions of time with the total number of 568.5 days and the Company early completed the project at August 17, 2017. Therefore, the actual extensions of time is 561 days. Besides, after the commencement of construction, fishermen had repeatedly protested against Taipower from April 2011 to February 2013 and thus the Company changed the construction methods, resulted in increase of performance cost of construction ships halt and rubble land transportation. The related costs and expense increased due to the extensions of time and fishermen protest. According to the contract, it should be adjusted to increase the project payment to indemnify. In February 2020, the company filed a lawsuit with the New Taipei District Court in accordance with the law to request the Northern Construction Department to pay the extension of the construction period, the compensation due to the fishermen's protest and the interest on the delay. . The above-mentioned project delay lawsuit was dismissed by the court of second instance in November 2021. The company was dissatisfied with the above judgment and was later sent back to the High Court for further hearing by the Supreme Court on September 17, 2022. The company and the Northern Construction Department reached a settlement on November 27, 2023, and the Northern Construction Department paid the company NT\$20,000, and the amount has been fully recovered on January 25, 2024. In April 2022, the third-instance court rejected the fishermen's appeal against the lawsuit, and the entire case came to an end.

- C. The company won the bid for the "Integrated Coal Bunker System Project of the Linkou Power Plant Renovation and Expansion Project" from the Taiwan Power Nuclear Power Engineering Office. The two parties signed a project procurement contract on May 10, 2012, and the company has completed all projects. It passed the inspection and acceptance by the Nuclear Engineering Office on April 21, 2022.
- (a) However, in September 2012, Taipower Company re-contracted the related projects of the "coal conveying belt system" at the same project site to another engineering company (hereinafter referred to as "Company A") for detailed design and construction. On July 6, 2014, the company was instructed to hand over part of the project land for the common use of Company A, resulting in a lack of space for the original design and construction, thus resulting in related costs. In July 2021, the company filed a petition with the Taipei District Court for Taipower to increase the payment for the project. Due to the transfer of jurisdiction from the Taipei District Court to the Taoyuan District Court for trial. On April 23, 2025, our company and the Nuclear Power Engineering Corporation agreed to settle a dispute over NT\$31,753 paid by the Nuclear Power Engineering Corporation to our company. The full amount of the payment was received on June 6, 2025.
- (b) After the company completed the B-column coal bunker in November 2016, Taipower Corporation considered it necessary to use it first. After the five cylindrical coal bunkers of column B started to operate, the B4 cylindrical coal bunker transverse beam (Transverse Beam) was damaged since May 26, 2017. Taipower Company instructed the company to repair, strengthen the structure and add the transverse beam structure. For matters such as stainless steel cladding on the surface, the back-end electric company only paid additional construction costs for the additional surface stainless steel cladding part of the horizontal beam structure, and did not pay additional fees for repairing and structural reinforcement in accordance with its instructions. In August 2021, the company filed a petition with the Taipei District Court for Taipower to increase the payment for the project. Due to the transfer of jurisdiction from the Taipei District Court to the Taoyuan District Court for trial. On November 10, 2025, our company and the Nuclear Power Engineering Corporation agreed to settle a dispute over NT\$248,606 paid by the Nuclear Power Engineering Corporation to our company. The full amount of the payment was received on December 30, 2025.
- (c) The original completion date of the project was June 19, 2016. However, due to the typhoon, the delay in the provision of information by the interface manufacturer, and the delay in the delivery of the land, the work had to be carried out and the project was delayed until the end of the construction period. On March 23, 2021, the party actually completed the overall project, and the actual extension of the construction period was 1,738 days, which eventually resulted in an increase in contract performance costs such as site management fees and shared head office management fees. In August 2021, the company filed a petition with the Taipei District Court for Taipower to increase the payment for the project. Due to the transfer of jurisdiction from the Taipei District Court to the Taoyuan District Court for trial. On April 23, 2025, our company and the Nuclear Power Engineering Corporation agreed to

settle a dispute over NT\$86,139 paid by the Nuclear Power Engineering Corporation to our company. The full amount of the payment was received on June 6, 2025.

- D. The company won the bid for the "New Construction of Suhua Highway Guanyin Tunnel on the Taiwan-Kowloon Line" (hereinafter referred to as the "Guanyin Tunnel") and the "Taiwan-Kowloon Line Suhua Highway Guanyin Tunnel" (hereinafter referred to as the "Guanyin Tunnel") and the "Taiwan-Kowloon Line". Suhua Highway Gufeng Tunnel New Construction" (hereinafter referred to as "Gufeng Tunnel"), the two parties signed a project contract on October 18, 2011. Our company won the bid for Guanyin Tunnel and Gufeng Tunnel, which were publicly tendered by the General Administration of Highways. Our company has completed all The project has passed the acceptance inspection in February and August 2020 respectively.
- (a) The company was instructed by the owner to thicken the clapboard and shorten the spacing of the clapboard, resulting in a huge increase in the cost of the project and an increase in the construction cost due to the geological differences in the work area. Appeal to the General Administration of Highways to increase the payment for the project. According to the judgment of the first-instance court in March 2022, the General Administration of Highways should pay the company NT\$9,766 and delayed interest. The company was dissatisfied with the results of these judgments and appealed to the Taiwan High Court in April 2022. As of the date of reviewing the report, the court of second instance has not yet made a judgment.
 - (b) Since the construction of Guanyin Tunnel and Gufeng Tunnel started on November 1, 2011, due to the influence of factors that cannot be attributed to the company, such as typhoons, collapse, changes in laws and designs, etc. during the construction period, the construction has been approved by the General Administration of Highways. The number of days of extension is 1,141 days and 1,363 days respectively. The Company has increased related costs due to the extension of the above construction period. In November 2020, the company applied to the Yilan District Court to request the General Administration of Highways to pay compensation for the extension of the construction period. As of the date of the inspection report, the court of first instance has not yet made a judgment.
 - (c) During the construction of the Gufeng Tunnel, the General Administration of Highways has handled contract changes several times. Among them, the Company and the General Administration of Highways could not reach an agreement on the price of each project for some contract changes, resulting in the negotiation. In response to the price difference of insufficient payment from the General Administration of Highways, the company filed a petition with the Yilan District Court in July 2021 for the General Administration of Highways to increase the payment for the project. On November 20, 2025, the court of first instance ruled that the Directorate General of Highways should pay the Company NT\$44,368 plus late payment interest. Dissatisfied with this judgment, the Company appealed to the High Court in December 2025. As of

the date of this audit report, the court of second instance has not yet issued a judgment.

- (d) Due to the various excavation work of Guanyin Tunnel and Gufeng Tunnel, the current conditions are affected by factors such as “land acquisition, building demolition, Hanben cultural relics, harsh geological conditions in the tunnel, etc.” The operation could not proceed smoothly according to the original approved overall construction plan. As a result, the cost of labor and equipment for various tunnel excavation projects has increased significantly. In July 2021, the company petitioned the Yilan District Court to increase the project payment from the Highway Administration. The case was dismissed by the court of first instance in April 2025. Dissatisfied with the above judgment, the company filed an appeal with the High Court in May 2025. As of the date of this verification report, the court of second instance has not yet rendered a judgment.
- (e) After the excavation of the Guanyin Tunnel and the Gufeng Tunnel began in June 2012, it was discovered that the original designed tunnel earthwork classification was significantly different from the actual conditions, and the actual geological conditions were different from those assumed by the defendant in the original design. The difference is so great that the related costs and expenses increase and cannot be measured. In November 2020, the company petitioned the Yilan District Court for the Highway Administration to increase payment for the project. On March 25, 2024, the court of first instance ruled that the Highway Administration should pay the company NT\$50,130 and delay interest. The Company was dissatisfied with the results of these judgments and appealed to the High Court in April 2024. As of the date of review of the report, the court of second instance has not made a decision.
- (f) The Guanyin Tunnel and Gufeng Tunnel have to pay extra electricity charges due to the multiple extension of the construction period, and the project contract only includes electricity charges for the "tunnel excavation" project, but other non-excavation projects do not include electricity charges, which are missing items. As a result, the related costs and expenses have increased and cannot be priced. In July 2021, the company applied to the Yilan District Court to request the General Administration of Highways to increase the payment for the project. According to the first-instance judgment on March 29, 2023, the General Administration of Highways should pay the company NT\$10,228 and its delayed interest. The company refused to accept the judgment and appealed to the High Court in April 2023. As of the date of reviewing the report, the High Court The court has yet to decide.

The Group measured the recoverable amount of contract assets and recognized the difference in impairment loss. Please refer to Note 12 (2) for details.

The Group measures assets impairment amount during the financial reporting periods according to litigation progress, possible request amount and materiality, but the final amount will be determined after the conclusion of the relevant cases. The Group will actively defend the aforementioned litigation cases that are still in progress. Due to the unpredictable nature of legal cases, there is currently no accurate estimate of possible losses (in case). And the Company has made necessary adjustments in appropriate ways. The Company wouldn't rule out the possibility of inability to win in all related

cases. Although the judgment amount will affect the recoverability of the contract assets, it wouldn't affect the normal operation of the Company.

10. Significant Losses from Natural Disaster

None.

11. Significant Events after the Balance Sheet Date

For details regarding the Company's 2025 profit distribution plan, please refer to Note 6(19).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt divided by total capital. The net debt is calculated as total borrowings include "current and non-current borrowings" as shown in the consolidated balance sheet deduct cash. Total capital is calculated as "equity" as shown in the consolidated balance sheet add net debt.

The Group's strategy in 2025 remains the same as in 2024, and the Group is committed to maintaining the debt-to-capital ratio under 50%. The Group's debt-to-capital ratio is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total borrowing	\$ 825,469	\$ 1,073,723
Deduct: Cash and cash equivalents	(2,193,136)	(1,912,422)
Net debt (A)	<u>\$ -</u>	<u>\$ -</u>
Total equity(B)	<u>5,627,327</u>	<u>5,375,583</u>
Total capital (C=A+B)	<u>\$ 5,627,327</u>	<u>\$ 5,375,583</u>
Debt-to-capital ratio (A/C)	-	-

(2) Financial risk of financial instruments

A. Category of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Select designated equity instrument investments	<u>\$ 84,373</u>	<u>\$ 89,349</u>
Financial assets at amortized cost		
Cash and cash equivalents	\$ 2,193,136	\$ 1,912,422
Financial assets at amortized cost	6,924,458	5,087,824
Accounts receivable	105,352	352,689
Contract assets (construction retention)	1,126,931	857,575
Other receivables(Including related persons)	60,561	64,603
Refundable deposits (Other current assets)	100,000	-
Refundable deposits (Other non-current assets)	62,209	38,156
	<u>\$ 10,572,647</u>	<u>\$ 8,313,269</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 757,000	\$ 840,000
Notes payable	459,365	567,609
Accounts payable	1,543,485	1,242,846
Other payables	138,601	101,217
Deposit deposit (Other current liabilities)	62,564	136,188
Long-term borrowings (including due within one year)	68,469	233,723
Deposit deposit (Other non-current liabilities)	13,972	25,112
	<u>\$ 3,043,456</u>	<u>\$ 3,146,695</u>
Lease liabilities (including due within one year)	<u>\$ 129,477</u>	<u>\$ 123,585</u>

B. Risk management policies

The Group's daily operations expose it to a variety of financial risks including market risk, credit risk and liquidity risk. Risk management is performed by the finance department of the Group under policies approved by the Board of Directors.

C. Nature and degrees of significant financial risks

a. Market risk:

Foreign exchange rate risk

- (a) The Group's business involves certain non-functional currencies, mainly Renminbi, and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

December 31, 2025			
(Foreign currency: functional currency)	Amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
CNY : TWD	\$ 12,054	4.50	\$ 54,193
EUR : TWD	245	36.90	9,032
December 31, 2024			
(Foreign currency: functional currency)	Amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
CNY : TWD	\$ 11,998	4.48	\$ 53,727
EUR : TWD	462	34.14	15,782

- (b) The realized and unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to NT(\$92) and NT\$2,640, respectively.

- (c) The appreciation or depreciation of major foreign currency monetary items impacted the Group's profit and loss at the end of the financial statements period. When the New Taiwan dollar appreciates or depreciates by 1%, the Group's income will decrease or increase by NT\$632 and NT\$695, respectively for the years ended December 31, 2025 and 2024.

Price risk

- (a) The equity instruments that the Group is exposed to price risk are bills held through profit or loss Financial assets measured at fair value and at fair value through other comprehensive income of financial assets.
- (b) The Company primarily invests in equity instruments issued by domestic companies and the investment target's price would be affected by the uncertainty of the future value. If the price rises or falls by 1%, while all other factors remain unchanged, the other comprehensive income for the years ended December 31, 2025 and 2024 will decrease or increase by NT\$844 and NT\$893, respectively.

Cash flow and fair value interest rate risk

The long-term and short-term borrowings borrowed by the Group are floating-rate debts and are not expected to generate significant interest rate risk. Changes in market interest rate will cause the effective interest rate of borrowing to change, which will cause fluctuations in future cash flows. Calculated based on the Group's borrowings balance at December 31, 2025 and 2024, if the market interest rate increases or decreases by 0.25%, the Group's cash outflow will increase or decrease by NT\$2,064 and NT\$2,684 respectively.

b. Credit risk

(a) The Group's credit risk arises from the failure of customers or counterparties to financial instruments to fulfill their contracts. The risk of financial loss to the Group due to contractual obligations mainly comes from the inability of the counterparty to clear repayment of accounts receivable and construction retention receivables paid according to the payment terms and classified as amortized financial assets measured at post-cost. In addition, the Group's investment through profit and loss is measured at fair value the trading partners of large amount of financial assets and certificates of deposit are financial institutions with good credit quality. The possibility of default is expected to be very low.

(b) The Group adopts the assumptions under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. And the default occurs when the contract payments are past due over 30 days after final acceptance by owners.

(c) The debtors of the Group's accounts receivable and contract assets are mainly government units or state-owned enterprises, etc. The Group applies the simplified approach to estimate expected credit loss under the loss rate methodology basis. The loss ratio method of the Group as at 31 December 2025 and 2024 is as follows:

① General accounts

<u>December31, 2025</u>	<u>Accounts receivable</u>	<u>Contract retention</u>	<u>Total</u>
Total book value	<u>\$ 105,352</u>	<u>\$1,126,931</u>	<u>\$ 1,232,283</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>December31, 2024</u>	 <u>Accounts receivable</u>	 <u>Contract retention</u>	 <u>Total</u>
Total book value	<u>\$ 352,689</u>	<u>\$ 857,575</u>	<u>\$ 1,210,264</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(*)The above-mentioned accounts receivable and project retention money of the Company are not overdue. Since the amount of provision losses is not significant, they will not be recognized.

- ⑥ Provision for losses is made when there are individual signs of impairment

	2025	2024
	Contract assets	Contract assets
Total book value	\$ 1,855,157	\$ 2,486,628
Loss allowance	\$ 700,805	\$ 651,402

- (d) The statement of changes in loss allowance for contract assets used simplified approach is as follows:

	December 31, 2025	December 31, 2024
January 1	\$ 651,402	\$ 563,560
Impairment loss	49,403	131,656
Loss recovery benefit (Note)	-	(12,277)
Write-offs in this period	-	(31,537)
December 31	\$ 700,805	\$ 651,402

Note: Due to the settlement of the lawsuit "new construction of the outlet diversion embankment, north breakwater, coal unloading pier, connecting bridge and related facilities of the Linkou Power Plant Renewal and Expansion Project", the company received settlement money that exceeded the amount of recognized impairment losses after deducting the contract assets, resulting in the recognition of impairment recovery benefits. Please refer to Note 9 (3) B for relevant explanations

c. Liquidity risk

- (a) Cash flow forecasting is performed in the operating entities of the Group and aggregated by the financial department. The Group's financial department monitors rolling forecasts of the Group's liquidity requirements to ensure that has sufficient cash to support operating requirements. The detail of unused borrowing amount is as follows:

	December 31, 2025	December 31, 2024
Floating rate		
Due within one year	\$ 770,000	\$ 520,000
Due beyond one year	2,800,000	2,090,000
	\$ 3,570,000	\$ 2,610,000

- (b) The Group's non-derivative financial liabilities are analyzed by the remaining period at the balance sheet date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2025</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Beyond 3 years</u>
Short-term borrowings	\$ 763,468	\$ -	\$ -	\$ -
Notes payable	459,365	-	-	-
Accounts payable	1,232,249	120,917	110,285	80,034
Other payables	138,601	-	-	-
Lease liabilities(including due within one year)	30,109	24,492	21,461	63,564
Long-term borrowings (including due within one year)	22,729	47,576	-	-

Non-derivative financial liabilities:

<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Beyond 3 years</u>
Short-term borrowings	\$ 848,739	\$ -	\$ -	\$ -
Notes payable	567,607	-	-	-
Accounts payable	1,074,625	84,156	71,357	12,708
Other payables	101,217	-	-	-
Lease liabilities	49,894	16,521	13,640	52,618
Long-term borrowings (including due within one year)	148,398	43,013	47,570	-

- (c) The Group does not expect the timing of the cash flows analyzed on the maturity date to be significantly earlier or the actual amount to be significantly different.

(3) Fair value information

- A. The different levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market where asset or liability transactions occur with sufficient frequency and quantity to provide pricing information on a continuous basis. The fair value of the Group's investment in financial assets at fair value through other comprehensive income is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data. Part of the fair value of the Group's investment in financial assets at fair value through other comprehensive income is included in Level 3.

- B. The Group's investment properties valued at cost are regularly evaluated by external experts commissioned by the Group's finance department. For details regarding their fair value, please refer to Note 6(9).

C. Financial instruments not measured at fair value

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, other receivables, deposits (other current assets and other non-current assets are listed), long-term and short-term borrowings, notes payable, accounts payable, other payables, other current liabilities and deposits are reasonable approximations of fair value.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through other comprehensive income-equity securities	\$ -	\$ -	\$ 84,373	\$ 84,373
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through other comprehensive income-equity securities	\$ -	\$ -	\$ 89,349	\$ 89,349

E. The methods and assumptions the Group used to measure fair value are as follows:

- The Group used market quotation (closing price) as the inputs of fair values (that is, Level 1).
- Except for the above-mentioned financial instruments with active markets, the fair value of the other financial instruments (that is, Level 3) is evaluated according to the evaluation model.

The output of the evaluation model is estimated value, and the evaluation technique may not reflect all the factors in financial instruments that the Group holds. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to additional parameters, such as liquidity risk. According to the Group's fair value evaluation model management policy and related control procedures, the management holds that it is appropriate and necessary to present the fair value of the financial instruments fairly in the balance sheet. The price information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted to current market conditions.

- The Group's fair value of equity securities classified as Level 3 are regularly evaluated by the financial department of the Group or evaluated by an external appraiser. The information of evaluation models is as follows:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable inputs	Discount rate	Relationship of inputs to fair value
Unlisted shares	\$ 80,653	comparable transaction method	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
	3,720	Net assets value method	NA	NA	NA
	<u>\$ 84,373</u>				

	Fair value at December 31, 2024	Valuation technique	Significant unobservable inputs	Discount rate	Relationship of inputs to fair value
Unlisted shares	\$ 85,737	comparable transaction method	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
	3,612	Net assets value method	NA	NA	NA
	<u>\$ 89,349</u>				

F. There was no transfer between level 1 and level 2 for the years ended December 31, 2025 and 2024.

G. The table below shows the changes in level 3 for the years ended December 31, 2025 and 2024:

	2025	2024
January 1	\$ 89,349	\$ 130,265
Recognized in unrealized investment gains and losses of equity instruments measured by fair value through other comprehensive income	(4,976)	(40,916)
December 31	<u>\$ 84,373</u>	<u>\$ 89,349</u>

H. There was no transfer into or out from the level 3 for the years ended December 31, 2024 and 2023.

I. The Group selected the evaluation model and evaluation parameters after careful evaluation, but the use of different evaluation models or evaluation parameters may lead to different evaluation results. For financial assets classified as Level 3, if the evaluation parameters change, the impact on other comprehensive gains and losses for the current period will be as follows:

			December 31, 2025		December 31, 2024	
			Recognized in other comprehensive profit or loss		Recognized in other comprehensive profit or loss	
			favorable change	unfavorable change	favorable change	unfavorable change
	Input value	Change				
monetary assets						
Equity Instrument	fluidity	±5%	<u>\$ 5,761</u>	<u>(\$ 5,761)</u>	<u>\$ 6,127</u>	<u>(\$ 6,124)</u>

13. Supplementary Disclosure

(1) Significant transactions information

- A. Loans to others: None.
- B. Endorsement and guarantee for others: Please refer to Table 1.
- C. Significant marketable securities held at the end of the period (investment in subsidiaries and affiliates excluded): Please refer to Table 2.
- D. Purchases or sales of goods from related parties exceeding NT\$100 million or 20% of paid-up capital: None.
- E. Receivables from related parties exceeding NT\$100 million or 20% of paid-up capital or: None.
- F. Business relationships and significant transactions between parent and subsidiary companies: Please refer to Table 3.

(2) Information of reinvestment business

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

(3) Information of investments in Mainland China

- A. Basic information of investing in Mainland companies: None.
- B. Significant transactions, either directly or indirectly through a third area business, with reinvesting investee companies in the Mainland: None.

14. Segments Information

(1) General information

- A. The management of the Group has identified which segments should be reported based on the information used by the operating decision makers.
B. The Group's operating decision makers operate and manage from a company perspective.

(2) Segments information

The Group's operating decision makers assess the performance of the operating segments based on the segmental income. The segmental income refers to the profits earned by the operating segments to be provided to the chief operating decision makers to allocate resources to the segments and assess performance.

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

- A. For the year ended December 31, 2025:

	<u>Kung Sing</u>	<u>Chan Pang (Note)</u>	<u>Kung Sing Development</u>	<u>Adjustment and charge off</u>	<u>Total</u>
External income	\$ 9,033,894	\$ -	\$ 4,496	\$ -	\$ 9,038,390
Internal segmental income	-	-	-	-	-
Segmental income	<u>\$ 9,033,894</u>	<u>\$ -</u>	<u>\$ 4,496</u>	<u>\$ -</u>	<u>\$ 9,038,390</u>
Segments after-tax income	<u>\$ 259,906</u>	<u>\$ 11</u>	<u>(\$ 6,044)</u>	<u>\$ -</u>	<u>\$ 253,873</u>
Depreciation and amortization	<u>\$ 105,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,707</u>
Expected credit impairment loss	<u>\$ 49,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,403</u>
Asset impairment loss	<u>\$ 21,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,694</u>
Interest income	<u>\$ 46,844</u>	<u>\$ -</u>	<u>\$ 1,512</u>	<u>\$ -</u>	<u>\$ 48,356</u>
Interest expense	<u>\$ 25,848</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 25,861</u>
Segments assets	<u>\$ 13,186,469</u>	<u>\$ -</u>	<u>\$ 645,457</u>	<u>(\$ 15,738)</u>	<u>\$ 13,816,188</u>

B. For the year ended December 31, 2024:

	Kung Sing	Chan Pang	Kung Sing Development	Adjustment and charge off	Total
External income	\$ 6,980,967	\$ -	\$ 118,139	\$ -	\$ 7,099,106
Internal segmental income	-	-	-	-	-
Segmental income	<u>\$ 6,980,967</u>	<u>\$ -</u>	<u>\$ 118,139</u>	<u>\$ -</u>	<u>\$ 7,099,106</u>
Segments after-tax income	<u>\$ 2,490</u>	<u>(\$ 1,953)</u>	<u>\$ 7,825</u>	<u>\$ 1,314</u>	<u>\$ 9,676</u>
Depreciation and amortization	<u>\$ 110,950</u>	<u>\$ 2,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,027</u>
Expected credit impairment loss	<u>\$ 119,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,379</u>
Interest income	<u>\$ 25,071</u>	<u>\$ 5,222</u>	<u>\$ 1,227</u>	<u>\$ -</u>	<u>\$ 31,520</u>
Interest expense	<u>\$ 26,715</u>	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,779</u>
Segments assets	<u>\$ 11,436,428</u>	<u>\$ 590,236</u>	<u>\$ 655,112</u>	<u>(\$ 603,800)</u>	<u>\$ 12,077,976</u>

Note: The consolidated subsidiary was dissolved and deregistered in September 2025.

(3) Adjustment information of segmental income

- A. The external income reported to the chief operating decision maker is measured in consistent with the income in the income statements.
- B. Reportable departments use after-tax profits and losses to evaluate the performance of operating departments. Please refer to Note 14(2) for the reconciliation and write-off of the total profits and losses and the after-tax profits and losses of the company's continuing operating units.
- C. The total amount of assets provided to the chief operating decision makers is consistent with the measurement of the assets in the financial statements. The adjustment and charge off of the assets of the reportable segments in the period, please refer to Note 14 (2) for details.

(4) Information on products and services

Please refer to Note 6(20)

(5) Geographical information

The Company's external customer income and non-current assets are generated in Taiwan.

(6) Major customer information

Information on major customers of the Group for the years ended December 31, 2025 and 2024 is as follows:

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Income	Segment	Income	Segment
Directorate General of Highways, MOTC	\$ 2,556,271	Kung Sing Engineering Corporation	\$ 2,516,816	Kung Sing Engineering Corporation
Railway Bureau, MOTC	1,736,047	As above	422,681	As above
Mass Rapid Transit Bureau, Kaohsiung City Government	1,044,955	As above	261,723	As above
Department of Rapid Transit Systems, Taipei City Government	971,998	As above	258,660	As above
Taiwan Power Company	800,946	As above	1,439,717	As above

Kung Sing Engineering Corporation and Subsidiaries
Endorsements and Guarantees for Others
For the Year Ended December 31, 2025
(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

Table 1

		Party being endorsed/guaranteed								Ratio of accumulated endorsement/ guarantee		Ceiling on total amount of endorsements/ guarantees		Provision of endorsements/ guarantees by parent company to subsidiary		Provision of endorsements/ guarantees by subsidiary to parent company		Provision of endorsement s/guarantees to the party in Mainland China	
No.	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 4)	Maximum endorsements/ guarantees amount for the period	Endorsements/ guarantees balance amount at December 31, 2025	Used amount	Amount of endorsements/ guarantees secured with collateral	to net asset value of the endorser/ guarantor company										
1	Kung Sing Development	Pan, jun-rong	Note 2	9,845,604	55,685	55,685	55,685	55,685	0.99%			19,691,208		N		N		N	

Note 1: According to “Regulations of Endorsement Guarantee Implementation”, the aggregate amount of endorsements/guarantees provided by the Company shall not exceed octuple paid-up capital of the Company and the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed quadruple paid-up capital of the Company. According to “Regulations of Endorsement Guarantee Implementation”, the aggregate amount of endorsements/guarantees provided by the subsidiary shall not exceed octuple paid-up capital of the parent company and the amount of endorsements/guarantees provided by the subsidiary for any single entity shall not exceed quadruple paid-up capital of the parent company.

Note 2: Inter-insurance companies based on contractual requirements for inter-departmental or co-creation between contractors.

Kung Sing Engineering Corporation and Subsidiaries
Holding of Marketable Securities at December 31, 2025 (Investment in Subsidiaries, Affiliates and Joint Ventures Excluded)
December 31, 2025
(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

Table 2

<u>Securities held by</u>	<u>Types and names of securities</u>	<u>Relationship with the securities issuer</u>	<u>Account title</u>	<u>At December 31, 2025</u>				<u>Footnote</u>
				<u>Number of shares (thousand shares)</u>	<u>Book value</u>	<u>Ownership (%)</u>	<u>Fair value</u>	
The Company	Kung Ting Steel Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,240	\$ 80,653	18.00	\$ 80,653	Note2

Note 1: The disclosed amount is those with a book value of NT\$6,000 or more.

Note 2: No pledge guarantee.

Kung Sing Engineering Corporation and Subsidiaries
The Statement and Amount of Significant Inter-company Transactions and Business Relationship
December 31, 2025
(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

Table 3

No.	Trader	Trade counterpart	Relationship with trader(Note2)	Transaction circumstances			The proportion of the amount to consolidated total revenue or total assets(Note 3)
				Accounts	Amount	Transaction terms	
0	The Company	Kung Sing Development Co., Ltd.	1	Rent income	\$ 1,539	Note 4	0.02%
	"	"	"	Deposits received.	300	Note 5	0.00%
1	Kung Sing Development Co., Ltd.	The Company	2	Rent expense	1,539	Note 4	0.02%
	"	"	"	Refundable deposit	300	Note 5	0.00%

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the number is as follows:

(1) Fill in 0 for the parent company.

(2) Subsidiaries are numbered sequentially starting from the Arabic numeral 1 according to the company.

Note 2: There are the following three types of relationship with the trader, and the type of indication is sufficient (if it is the same transaction between a parent company and a subsidiary or between subsidiaries, there is no need to disclose it repeatedly. For example: for a transaction between a parent company and a subsidiary company, if the parent company If it has already been disclosed, the part of the subsidiary does not need to be disclosed repeatedly;

Subsidiary-to-subsidiary transactions, if one subsidiary has already disclosed, the other subsidiary does not need to disclose repeatedly):

(1) Parent company to subsidiary company.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset and liability item, is calculated by the balance at the end of the period as a percentage of the consolidated total assets; if it is a profit and loss item, the accumulated amount in the period is used to account for the consolidated total. The method of receipt is calculated.

Note 4: Payment is made according to the contract.

Note 5: The deposit is collected and paid according to the rental contract.

Kung Sing Engineering Corporation and Subsidiaries
Names, Locations and Other Information of Investees Companies (Investees in Mainland China Excluded)
December 31, 2025
(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

Table 4

Investor	Investee	Location	Main business activities	Initial investment amount		Hold at the end of the period			Profit and loss of the investee for the period	Investment gains and losses recognized for the period	Footnote
				Balance at December 31, 2025	Balance at December 31, 2024	Number of shares (thousand shares)	Ownership (%)	Book value			
As above	Kung Sing Development Co., Ltd.	Taiwan	Construction and development of buildings and houses	\$ 673,400	\$ 673,400	70,000	100	\$ 616,027	(\$ 6,044)	(\$ 6,044)	Subsidiary
The Company	Chan Pang Industrial Co., Ltd.	Taiwan	Construction and development of buildings and houses and general investment	-	590,000	-	-	-	11	11	Note

Note: Chan Pang Industrial Co., Ltd. was dissolved with the consent of the directors on December 13, 2024, and the liquidation process and deregistration were completed in September 2025.