

**L&K Engineering Co., Ltd. and Subsidiaries
Consolidated Financial Statements
and Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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The English financial statements were translated from the consolidated financial statements originally prepared in Chinese.

L&K Engineering Co., Ltd. and Subsidiaries
Consolidated Financial Statements
and Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024
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Independent Auditors' Report

To the Board of Directors and Stockholders of L&K Engineering Co., Ltd. :

Opinion

We have audited the accompanying consolidated balance sheets of L&K Engineering Co., Ltd and subsidiaries (“the Group”) as of December 31, 2025 and 2024, the related consolidated statements of comprehensive income, statements of changes in equity and cash flows for the years ended December 31, 2025 and 2024.

In our opinion, based on our audits and the reports of the other independent accountants referred to in other matter section of our report, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2025 and 2024, and the results of its operations and cash flows for the years ended December 31, 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standard, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standard Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis of opinion

We conducted our audit of the consolidated financial statements in accordance with “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, our judgment should be communicated in the audit report on the key check items as follows:

(1) Construction contract revenue and profit recognition

Please refer to Note 4(19) for the accounting policy of the revenue and profit of the construction contract. Please refer to Note 5(2)(A) for estimates and assumptions of the construction contract. Please refer to Note 6(26) for disclosures of construction contracts revenue.

Description:

Construction contract revenue and profit should be recognized with reference to the completion degree of individual contract at the period end of the financial report, measured by the proportion of cost incurred to the estimated total contract cost. The change in estimate may result in significant adjustments to revenue and profits.

How our audit addressed the matter:

The principal auditing procedures include testing the design of internal control for the construction contract revenue and receivable collection and its effectiveness of implementation.

For major construction contracts entered or those with significant changes total revenue and estimated total cost in the year, review the relevant the contract and minutes, and understand the rationality of the project manager's assessment of the estimated total cost of construction contracts or the reasons for the changes; assessing whether the Group's accounting policy on revenue recognition is in accordance with the related accounting standards.

(2) Receivable impairment

Please refer to Note 4(7) for the accounting principles of receivable impairment. Please refer to Note 5(2)(B) for accounting estimates and assumptions about receivable impairment. Please refer to Note 6(3), Note 6(4) and Note 6(27) for the disclosure of receivable impairment.

Description:

The impairment of receivables is recognized by management through various external evidence assessments. Impairment of receivables involves management's judgment and the influence of various factors, which may lead to an increase in the inaccuracy of accounting estimates.

How our audit addressed the matter:

The main auditing procedures include examining whether the receivables evaluation policy is handled in accordance with reporting standards, and for the accounts overdue for a longer period in the aging analysis, understanding the reasons and subsequent collections, and obtaining documents related to management's estimates of the expected credit losses and impairment of accounts receivable, and assessing their reasonableness and the appropriateness of related disclosures.

Other matter

We did not audit the financial statements of RSEA Engineering Corporation (privatized 2009), which were audited by other auditors. Our audit, insofar as it related to RSEA Engineering Corporation (privatized 2009), is based on the other auditors' reports. RSEA Engineering Corporation (privatized 2009) had total assets of NT\$15,937,713 thousand and NT\$15,373,686 thousand, constituting 19.11% and 25.41% of consolidated total assets as of December 31, 2025 and 2024, total liabilities of NT\$9,256,224 thousand and NT\$9,054,768 thousand, constituting 16.33% and 22.66% of consolidated total liabilities as of December 31, 2025 and 2024, and total operating revenues of NT\$17,178,080 thousand and NT\$17,162,411 thousand, constituting 22.17% and 26.37% of consolidated total operating revenues for the years ended December 31, 2025 and 2024.

We did not audit the financial statements of L&K-LCB Joint Venture LLP, which were audited by other auditors. Our audit, insofar as it related to L&K-LCB Joint Venture LLP, is based on the other auditors' reports. L&K-LCB Joint Venture LLP had total assets of NT\$8,127,411 thousand, constituting 9.75% of consolidated total assets as of December 31, 2025, total liabilities of NT\$5,491,690 thousand, constituting 9.69% of consolidated total liabilities as of December 31, 2025, and total operating revenues of NT\$745,203 thousand, constituting 0.96% of consolidated total operating revenues for the years ended December 31, 2025. We have also audited the parent company only financial statements of L&K Engineering Co., Ltd as of and for the year ended December 31, 2025 and 2024, and have expressed an unqualified opinion on such financial statements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparations of Financial Report by Securities Issuers and International Financial Reporting Standard, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standard Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China, and for internal control necessary to enable the preparation of the Group's financial statements to be free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

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

- (1) Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 the financial statements, including the disclosures, and whether the 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 financial statements. We are responsible for the direction, supervision and performance of the audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2025 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.

L.H. CHEN & CO., CPAs

March 13, 2026

Notice to Readers

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

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

L&K Engineering Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit : NTS1,000

	<u>December 31, 2025</u>		<u>December 31, 2024</u>			<u>December 31, 2025</u>		<u>December 31, 2024</u>			
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>		
Assets					Liabilities and Equity						
<u>Current Assets</u>					<u>Current Liabilities</u>						
1100	Cash and cash equivalents (Note 6(1))	\$ 43,537,242	53	\$ 23,347,966	39	2100	Short-term borrowings (Note 6(14)&7(2))	\$ 1,576,591	2	\$ 537,175	1
1110	Financial assets at fair value					2110	Short-term notes and bills payable (Note 6(15))	349,885	-	519,528	1
	through profit or loss - current (Note 6(2))	289,534	-	225,935	-	2130	Liabilities of contract - current (Note 6(26))	26,183,235	32	18,434,887	30
1140	Contract assets - current (Note 6(26)&7(2))	15,380,493	19	13,984,151	23	2150	Notes payable	7,040	-	3,772	-
1150	Notes receivable, net (Note 6(3))	26,475	-	2,495	-	2170	Accounts payable	19,601,915	24	14,727,472	24
1170	Accounts receivable, net (Note 6(3))	7,660,929	9	4,374,866	7	2180	Accounts payable - related parties (Note 7(2))	2,313,166	3	999,657	2
1200	Other receivables, net (Note 6(4))	108,774	-	492,689	1	2200	Other payables	2,183,667	3	1,153,802	2
1210	Other receivables - related parties, net (Note 7(2))	4,024	-	-	-	2220	Other payables - related parties (Note 7(2))	325,198	-	315,477	1
1220	Current tax assets	951,966	1	181,770	-	2230	Current tax liabilities	1,653,594	2	904,781	1
130X	Inventories, net (Note 6(5))	710,414	1	707,576	1	2250	Provisions - current (Note 6(16))	753,873	1	542,862	1
1410	Prepayments (Note 6(6)&7(2))	3,267,139	4	7,497,904	13	2270	Guarantee deposits received	145,159	-	155,905	-
1476	Other financial assets - current (Note 6(7))	4,389,844	5	4,472,635	7	2280	Lease liability (Note 6(17))	36,321	-	31,049	-
1479	Other current assets	91,817	-	60,071	-	2320	Long-term borrowings - current portion (Note 6(18)&(19))	18,587	-	5,972	-
11XX	Total Current Assets	76,418,651	92	55,348,058	91	2399	Other current liabilities	211,091	-	15,741	-
						21XX	Total Current Liabilities	55,359,322	67	38,348,080	63
<u>Noncurrent Assets</u>					<u>Noncurrent Liabilities</u>						
1510	Financial assets at fair value					2530	Bonds payable (Note 6(18))	-	-	398,232	1
	through profit or loss - non-current (Note 6(2))	1,554,762	2	145,945	-	2540	Long-term borrowings (Note 6(19)&7(2))	295,229	-	300,099	-
1517	Financial assets at fair value through other comprehensive income (Notes 6(8))	1,107,440	1	845,729	2	2570	Deferred income tax liabilities (Note 6(30))	929,365	1	639,825	1
1550	Investments accounted for using the equity method (Note 6(9))	-	-	-	-	2580	Lease liabilities - non-current (Note 6(17))	42,565	-	43,664	-
1600	Property, plant and equipment, net (Note 6(10))	938,956	1	816,955	1	2640	Accrued pension cost (Note 6(20))	19,760	-	19,034	-
1755	Right-of-use assets (Note 6(11))	2,675,705	3	2,707,678	5	2645	Guarantee deposits received	37,750	-	207,476	-
1760	Investment property, net (Note 6(12))	93,561	-	95,713	-	25XX	Total Noncurrent Liabilities	1,324,669	1	1,608,330	2
1780	Intangible assets (Note 6(13))	29,632	-	28,877	-	2XXX	Total Liabilities	56,683,991	68	39,956,410	65
1840	Deferred income tax assets (Note 6(30))	497,996	1	348,326	1	<u>Equity Attributable to Shareholders of the Parent</u>					
1980	Other financial assets - non-current (Note 6(7)&7(2))	63,809	-	158,305	-	3100	Capital stock				
1995	Other noncurrent assets	905	-	1,442	-	3110	Common stock (Note 6(21))	2,353,295	3	2,330,050	4
15XX	Total Noncurrent Assets	6,962,766	8	5,148,970	9	3130	Certificate of Entitlement to New Shares form Convertible Bond (Note 6(21))	1,650	-	134	-
						3200	Capital surplus (Note 6(22))	4,136,844	5	3,739,328	6
						3300	Retained earnings (Note 6(23))				
						3310	Legal reserve	2,049,089	2	1,614,818	3
						3320	Special reserve	-	-	5,261	-
						3350	Unappropriated earnings	9,976,201	12	6,447,968	11
						3400	Others (Note 6(24))	946,858	1	450,053	1
						31XX	Equity Attributable to Shareholders of the Parent	19,463,937	23	14,587,612	25
						36XX	Noncontrolling Interests (Note 6(25))	7,233,489	9	5,953,006	10
						3XXX	Total Equity	26,697,426	32	20,540,618	35
1XXX	Total Assets	\$ 83,381,417	100	\$ 60,497,028	100	3X2X	Total Liabilities and Equity	\$ 83,381,417	100	\$ 60,497,028	100

(The accompanying notes are an integral part of the financial statements)

L&K Engineering Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

Unit : NT\$1,000
(Except EPS)

	For the Years Ended December 31,			
	2025		2024	
	Amount	%	Amount	%
4000 Operating Revenue (Note 6(26))	\$ 77,484,652	100	\$ 65,089,892	100
5000 Operating Costs (Note 6(28)&7(2))	(65,110,788)	(84)	(56,966,552)	(88)
5900 Gross Profit	12,373,864	16	8,123,340	12
6000 Operating Expenses				
6100 Selling expenses (Note 6(28))	(16,274)	-	(13,575)	-
6200 General and administrative expenses (Note 6(28)&7(2))	(1,418,021)	(2)	(1,180,571)	(2)
6300 Research and development expenses	(240,188)	-	(200,744)	-
6450 Expected credit loss/benefit (Note 6(27))	(643,373)	(1)	(103,318)	-
Total operating expenses	(2,317,856)	(3)	(1,498,208)	(2)
6900 Net Operating Income	10,056,008	13	6,625,132	10
7000 Non-operating Income and Expenses				
7100 Interest income (Note 6(29))	565,783	-	552,767	1
7010 Other income (Note 6(29))	89,285	-	88,643	-
7020 Other gains and losses (Note 6(29))	1,205,433	2	59,510	-
7050 Finance costs (Note 6(29))	(57,822)	-	(55,245)	-
Total non-operating income and expenses	1,802,679	2	645,675	1
7900 Income before Income Tax	11,858,687	15	7,270,807	11
7950 Income Tax Expense (Note 6(30))	(2,642,850)	(3)	(1,647,314)	(3)
8200 Net Income	9,215,837	12	5,623,493	8
8300 Other Comprehensive Income (Loss)				
8310 Items that are not to be reclassified to profit or loss				
8311 Re-measurements from defined benefit plans (Note 6(20))	(2,635)	-	9,004	-
8316 Unrealized loss on investments in instruments at fair value through other comprehensive income (Note 6(8)&6(24))	345,202	-	247,571	-
8349 Income tax relating to the components of other comprehensive income - items that will not be reclassified to profit or loss (Note 6(30))	527	-	(1,801)	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences arising on translation of foreign operations	265,894	-	407,776	1
8399 Income tax benefit (expense) related to components of other comprehensive income (Note 6(30))	(58,634)	-	(51,933)	-
8300 Other comprehensive income (loss) for the period, net of income tax	550,354	-	610,617	1
8500 Total Comprehensive Income for the Period	\$ 9,766,191	12	\$ 6,234,110	9
8600 Net Income (Loss) Attributable to:				
8610 Owners of the parent	\$ 7,144,970		\$ 4,335,508	
8620 Noncontrolling interests	\$ 2,070,867		\$ 1,287,985	
8700 Total Comprehensive Income (Loss) Attributable to:				
8710 Owners of the parent	\$ 7,719,988		\$ 4,798,012	
8720 Noncontrolling interests	\$ 2,046,203		\$ 1,436,098	
9750 Basic Earnings Per Share (Note 6(31))	\$ 30.51		\$ 18.73	
9850 Diluted Earnings Per Share (Note 6(31))	\$ 30.41		\$ 17.90	

(The accompanying notes are an integral part of the financial statements)

L&K Engineering Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

Unit : NTS1,000

Items	Equity Attributable to Shareholders of the Parent						Other Equity		Total	Noncontrolling Interests	Total Equity
	Common Stock	Certificate of Entitlement to New Shares form Convertible Bond	Capital Surplus	Legal Reserve	Retained Earnings		Accumulated Balances of Exchange Differences on Translating Foreign Operations	Unrealized Gain/Loss on financial assets measured at fair value through other comprehensive			
					Special Capital Reserve	Unappropriated Earnings					
Balance, January 1, 2024	\$ 2,255,409	\$ -	\$ 2,861,062	\$ 1,326,100	\$ 133,708	\$ 4,358,396	\$ (273,524)	\$ 268,263	\$ 10,929,414	\$ 4,634,253	\$ 15,563,667
Appropriation and distribution of 2023 retained earnings:											
Legal reserve	-	-	-	288,718	-	(288,718)	-	-	-	-	-
Special reserve	-	-	-	-	(128,447)	128,447	-	-	-	-	-
Cash dividends	-	-	-	-	-	(2,092,868)	-	-	(2,092,868)	-	(2,092,868)
Equity Component of Issued Convertible Bonds – Stock Warrants	-	-	27,225	-	-	-	-	-	27,225	-	27,225
Employee Stock Option Compensation Cost	-	-	37,121	-	-	-	-	-	37,121	-	37,121
Cash Capital Increase	70,000	-	735,000	-	-	-	-	-	805,000	-	805,000
Net income for the year ended December 31, 2024	-	-	-	-	-	4,335,508	-	-	4,335,508	1,287,985	5,623,493
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	-	7,203	207,730	247,571	462,504	148,113	610,617
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	\$ -	4,342,711	207,730	247,571	4,798,012	1,436,098	6,234,110
Conversion of convertible bonds	4,641	134	72,032	-	-	-	-	-	76,807	-	76,807
From share of changes in equities of subsidiaries	-	-	6,888	-	-	-	13	-	6,901	(6,901)	-
Increase (Decrease) in noncontrolling interests	-	-	-	-	-	-	-	-	-	(110,444)	(110,444)
Balance, December 31, 2024	<u>\$ 2,330,050</u>	<u>\$ 134</u>	<u>\$ 3,739,328</u>	<u>\$ 1,614,818</u>	<u>\$ 5,261</u>	<u>\$ 6,447,968</u>	<u>\$ (65,781)</u>	<u>\$ 515,834</u>	<u>\$ 14,587,612</u>	<u>\$ 5,953,006</u>	<u>\$ 20,540,618</u>

Items	Equity Attributable to Shareholders of the Parent						Other Equity		Total	Noncontrolling Interests	Total Equity
	Common Stock	Certificate of Entitlement to New Shares form Convertible Bond	Capital Surplus	Legal Reserve	Retained Earnings		Accumulated Balances of Exchange Differences on Translating Foreign Operations	Unrealized Gain/Loss on financial assets measured at fair value through other comprehensive			
					Special Capital Reserve	Unappropriated Earnings					
Balance, January 1, 2025	\$ 2,330,050	\$ 134	\$ 3,739,328	\$ 1,614,818	\$ 5,261	\$ 6,447,968	\$ (65,781)	\$ 515,834	\$ 14,587,612	\$ 5,953,006	\$ 20,540,618
Appropriation and distribution of 2024 retained earnings:											
Legal reserve	-	-	-	434,271	-	(434,271)	-	-	-	-	-
Special reserve	-	-	-	-	(5,261)	5,261	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,265,940)	-	-	(3,265,940)	-	(3,265,940)
Disposal of equity investment valued at fair value through other comprehensive income	-	-	-	-	-	82,925	-	(82,925)	-	-	-
Net income for the year ended December 31, 2025	-	-	-	-	-	7,144,970	-	-	7,144,970	2,070,867	9,215,837
Other comprehensive income for the year ended December 31, 2025, net of income tax	-	-	-	-	-	(2,108)	231,924	345,202	575,018	(24,664)	550,354
Total comprehensive income for the year ended December 31, 2025	-	-	-	-	-	7,142,862	231,924	345,202	7,719,988	2,046,203	9,766,191
Conversion of convertible bonds	23,245	1,516	365,634	-	-	-	-	-	390,395	-	390,395
From share of changes in equities of subsidiaries	-	-	31,882	-	-	(2,604)	2,604	-	31,882	(31,882)	-
Increase (Decrease) in noncontrolling interests	-	-	-	-	-	-	-	-	-	(733,838)	(733,838)
Balance, December 31, 2025	<u>\$ 2,353,295</u>	<u>\$ 1,650</u>	<u>\$ 4,136,844</u>	<u>\$ 2,049,089</u>	<u>\$ -</u>	<u>\$ 9,976,201</u>	<u>\$ 168,747</u>	<u>\$ 778,111</u>	<u>\$ 19,463,937</u>	<u>\$ 7,233,489</u>	<u>\$ 26,697,426</u>

(The accompanying notes are an integral part of the financial statements)

L&K Engineering Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit : NT\$1,000

	For the Years Ended December 31,	
	2025	2024
<u>Cash Flows from Operating Activities</u>		
Income before income tax	\$ 11,858,687	\$ 7,270,807
Adjustments for		
Depreciation expense	199,973	203,438
Amortization expense	15,178	14,260
Expected credit loss (reversal)	643,373	103,318
Loss (gain) on financial assets at fair value through profit or loss	(1,345,432)	(10,109)
Interest expense	57,822	55,245
Interest income	(565,783)	(552,767)
Dividend income	(34,120)	(33,001)
Loss (gain) on disposal of property, plant and equipment	-	(652)
Loss (gain) on disposal of other noncurrent assets	-	11
Gain on Disposal of Investments	-	(6,352)
Share-based payments	-	57,848
Changes in operating assets and liabilities:		
Decrease (increase) in Financial assets at fair value	(116,181)	(15,641)
Decrease (increase) in current contract assets	(633,409)	(1,426,104)
Decrease (increase) in notes receivable	(23,980)	34,361
Decrease (increase) in accounts receivable	(3,472,626)	7,609,268
Decrease (increase) in other receivables	429,480	73,571
Decrease (increase) in other receivables - related parties	(4,024)	-
Decrease (increase) in inventories, net	(2,731)	(10,206)
Decrease (increase) in prepayments	4,226,960	(1,269,883)
Decrease (increase) in other current assets	(33,090)	(28,091)
Increase (decrease) in current contract liabilities	6,536,592	4,739,059
Increase (decrease) in notes payable	3,268	(7,735)
Increase (decrease) in accounts payable	4,812,902	(5,137,552)
Increase (decrease) in accounts payable - related parties	1,313,509	999,389
Increase (decrease) in other payables	1,026,552	256,391
Increase (decrease) in provisions	210,885	129,386
Increase (decrease) in other current liabilities	39,444	(39,652)
Increase (decrease) in accrued pension liabilities	(1,909)	(1,748)
Cash generated from operations	25,141,340	13,006,859

(To be continued)

L&K Engineering Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows (Cont'd)
For the Years Ended December 31, 2025 and 2024

Unit : NT\$1,000

	For the Years Ended December 31,	
	2025	2024
Interest received	\$ 569,793	\$ 563,342
Dividend received	34,120	33,001
Interest paid	(41,441)	(36,496)
Income tax paid	(2,592,081)	(1,027,896)
Net Cash Provided by (Used in) Operating Activities	23,111,731	12,538,810
 <u>Cash Flows from Investing Activities</u>		
Acquisition of financial assets at fair value through other comprehensive income	(15,000)	-
Disposal of financial assets at fair value through other comprehensive income	98,491	-
Acquisitions of property, plant and equipment	(223,912)	(93,909)
Proceeds from disposal of property, plant and equipment	2,633	934
Acquisitions of intangible assets	(15,295)	(12,974)
Decrease (increase) in other long-term Investments	-	292,169
Decrease (increase) in other financial assets	170,482	(865,165)
Proceeds from disposal of other noncurrent assets	-	153
Decrease in right-of-use assets	961	-
Net Cash Provided by (Used in) Investing Activities	18,360	(678,792)
 <u>Cash Flows from Financing Activities</u>		
Increase (decrease) in short-term debt	989,217	(922,824)
Increase (decrease) in short-term notes and bills payable	(170,000)	(80,000)
Proceeds from issuance of bonds	-	495,000
Increase in long-term debt	2,100,000	-
Decrease in long-term debt	(2,105,972)	(229,662)
Increase (decrease) in other payables - related parties	-	13,217
Increase (decrease) in guarantee deposit received	(24,574)	(18,263)
Cash dividend paid	(3,265,940)	(2,092,868)
Increase (decrease) in noncontrolling interests	(733,838)	(131,188)
Payment of lease liabilities	(46,146)	(66,497)
Cash Capital Increase	-	805,000
Net Cash Generated by (Used in) Financing Activities	(3,257,253)	(2,228,085)
Effect of exchange rate changes	316,438	330,282
Net Increase (Decrease) in Cash and Cash Equivalents	20,189,276	9,962,215
Cash and Cash Equivalents at Beginning of Period	23,347,966	13,385,751
Cash and Cash Equivalents at End of Period	\$ 43,537,242	\$ 23,347,966

(The accompanying notes are an integral part of the financial statements)

L&K Engineering Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Organization and Operations

L&K Engineering Co., Ltd. (“the Company”) was incorporated in 1978. The Company is a professional engineering company that provides fully integrated turnkey engineering services for clean room construction projects, process utility system, electrical and mechanical engineering and other associated engineering projects.

The Company’s shares were listed on the Taipei Exchange (TPEX) since 2001.

The Company’s shares were listed on the Taiwan Stock Exchange (TWSE) since August 2003.

2. The authorization of financial statements

The accompanying consolidated financial statements were approved and authorized for issuance by the board of directors and issued on March 13, 2026.

3. Application of new and revised International Financial Reporting Standards (IFRS)

(1) The Group applied International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised, or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2025. The new guidelines and the nature and description of the amendments, the initial application has no significant impact on the Group:

(2) The Company has not adopted the following newly issued, amended, or revised standards or interpretations published by the International Accounting Standards Board (IASB) and endorsed by the Financial Supervisory Commission (FSC):

<u>New Standards or Amendments</u>	<u>The Main Amendments</u>	<u>Effective Date</u>
(A) Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments include: (a) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date. (b) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.	January 1, 2026

New Standards or Amendments	The Main Amendments	Effective Date
(B) Contracts Related to Reliance on Renewable Electricity (Amendments to IFRS 9 and IFRS 7)	<p>(c) Clarify the treatment of non-recourse assets and contractually linked instruments.</p> <p>(d) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.</p> <p>This amendment includes:</p> <p>(a) Clarifying the application of the 'own use' exemption.</p> <p>(b) Allowing the application of hedge accounting when the contract is used as a hedging instrument.</p> <p>(c) Enhancing disclosure requirements to help investors understand the impact of such contracts on a company's financial performance and cash flows.</p>	January 1, 2026
(C) Annual Improvements to IFRS Accounting Standards – Volume 11	<p>(a) Amendments to IFRS</p> <p>The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.</p> <p>(b) Amendments to IFRS 7</p> <p>The amendments update an obsolete cross-reference relating to gain or loss on derecognition.</p> <p>(c) Amendments to Guidance on implementing IFRS 7</p> <p>The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.</p> <p>(d) Amendments to IFRS 9</p> <p>The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and</p>	January 1, 2026

New Standards or Amendments	The Main Amendments	Effective Date
(D) IFRS 17 “Insurance Contracts”	clarify the term “transaction price”	January 1, 2023
	(e) Amendments to IFRS 10. The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.	
(f) Amendments to IAS 7 The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.	IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation, and disclosure requirements). The core of IFRS 17 is the General (building block) Model. Under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:	
(a) Estimates of future cash flows. (b) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows.	(c) A risk adjustment for non-financial risk. The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for remaining coverage and the liability for incurred claims. In addition to the general model, the following specific approaches are also provided:	
(i) A specific approach for contracts with direct participation features (the Variable Fee Approach, or VFA)	(ii) A simplified approach for short-duration contracts (the Premium Allocation	

<u>New Standards or Amendments</u>	<u>The Main Amendments</u>	<u>Effective Date</u>
	Approach, or PAA)	
	<p>After its initial issuance in May 2017, this Standard was subsequently amended in June 2020. The amendments not only deferred the effective date by two years in the transition provisions (from January 1, 2021, to January 1, 2023) and provided additional exemptions, but also aimed to reduce the cost of implementing the Standard by simplifying certain requirements. Furthermore, the amendments clarified some provisions to make specific situations easier to interpret. Upon its effective date, this Standard replaces the transitional standard—International Financial Reporting Standard (IFRS) 4 Insurance Contracts.</p>	

The Group has assessed that the above standards and interpretations have no material impact on the Group.

- (3) New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC, but not yet adopted by the Group are as follows:

<u>New Standards or Amendments</u>	<u>The Main Amendments</u>	<u>Effective Date</u>
(A) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	<p>The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.</p>	To be determined by IASB

New Standards or Amendments	The Main Amendments	Effective Date
(B) IFRS 18 “Presentation and Disclosure in Financial Statements”	<p data-bbox="679 215 1254 533">IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.</p> <p data-bbox="679 546 1254 622">The main changes in the new standards are as follows:</p> <p data-bbox="679 645 1254 721">(a) Improved comparability in the statement of profit or loss (income statement)</p> <p data-bbox="727 743 1254 1348">IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.</p> <p data-bbox="679 1370 1254 1447">(b) Enhanced transparency of management-defined performance measures</p> <p data-bbox="727 1469 1254 1680">IFRS 18 requires entities to disclose explanations of those entity specific measures that are related to the income statement, referred to as management-defined performance measures.</p> <p data-bbox="679 1702 1254 1778">(c) Useful grouping of information in the financial statements</p> <p data-bbox="727 1800 1254 2011">IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful</p>	January 1, 2027

New Standards or Amendments	The Main Amendments	Effective Date
(C) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	<p>information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.</p> <p>This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.</p>	January 1, 2027
(D) Translation to a Hyperinflationary Presentation Currency (Amendment)(IAS 21 and IAS 29)	<p>The amendments include:</p> <p>(a) Clarify that when the entity’s functional currency is that of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.</p> <p>(b) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.</p> <p>(c) When the entity’s functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.</p>	January 1, 2027

Except for the newly issued or amended standards and interpretations in item (2), which the company is currently assessing and for which a reasonable estimate of the potential impact cannot yet be made, the other newly issued or amended standards and interpretations have no material impact on the company.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the IFRSs, IASs, IFRIC and SIC interpretations as endorsed by the FSC.

(2) Basis of Preparation

(A) Except for the financial assets measured at fair value, the accompanying consolidated financial statements have been prepared under the historical cost convention.

(3) Basis of Consolidation

(A) Basis for preparation of consolidated financial statements

- (a) The consolidated financial statements comprised L&K Engineering Co., Ltd., and its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the control commences until the date that control ceases.
- (b) Intra-group balances and transactions, and any unrealized income and expenses arising from the intra-group transactions are eliminated in preparing the consolidated financial statements.
- (c) Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.
- (d) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. If such gains or losses would be reclassified to retained earnings when the related assets or liabilities were disposed of, all gain or loss previously recognized in other comprehensive income should be reclassified to retained earnings.

(B) The consolidated entities are as follows :

Name of investor	Name of investee	Percentage of ownership	
		December 31, 2025	December 31, 2024
The Company	L&K Engineering Co., Ltd. (BVI)	100%	100%
"	L&K Engineering (Suzhou) Co., Ltd.	53.99%	53.99%
"	RSEA Engineering Corporation (privatized 2009)	82.64%	84.79%
"	Unique Grand Limited	49.80%	51.71%
"	L&K ENGINEERING PTE.LTD.	100%	-

Name of investor	Name of investee	Percentage of ownership	
		December 31, 2025	December 31, 2024
The Company	L&K-LCB Joint Venture LLP	70%	-
L&K Engineering (Suzhou) Co., Ltd.	Suzhou Xiang Sheng Trade Company Ltd.	100%	100%
"	L&K Engineering Company Limited	100%	100%
"	RSEA Construction Engineering (Chongqing) Co., Ltd.	100%	100%
"	Suzhou Xiangxin Fire-Fighting Engineering Co., Ltd.	-	100%
"	LIMK ENGINEERING PTE.LTD.	100%	-
Unique Grand Limited	Sunshine (China) Inc.	100%	100%
"	Sunshine Investment Co., Ltd.	6.02%	-
Sunshine (China) Inc.	Sunshine Investment Co., Ltd.	93.98%	100%
L&K Engineering Company Limited	L&K Engineering Vietnam Co., Ltd.	51%	51%

- (a) L&K Engineering Co., Ltd. (BVI) is mainly engaged in the business of investment.
- (b) L&K Engineering (Suzhou) Co., Ltd. is mainly engaged in the business of manufacturing and sales of air conditioners, ceilings, and compartments.
- (c) RSEA Construction Engineering (Chongqing) Co., Ltd. and is mainly engaged in the business of manufacturing and sales of air conditioners, ceilings, and compartments.
- (d) L&K Engineering Vietnam Co., Ltd. is mainly engaged in the business of manufacturing and sales of air conditioners, ceilings, and compartments.
- (e) RSEA Engineering Corporation (privatized 2009) is mainly engaged in the business of engineering.
- (f) Unique Grand Limited is a holding company. engaged in Import and Export Trade, Customer Development, and After-sales Service
- (g) Suzhou Xiang Sheng Trade Company Ltd. is mainly engaged in the business of imports and exports.
- (h) L&K Engineering Company Limited is mainly engaged in the business of imports and exports.
- (i) Sunshine (China) Inc. is mainly providing service of environmental sanitation and anti-pollution and constructional contract and managing consultation.
- (j) Sunshine Investment Co., Ltd. is mainly engaged in the investment, property, and construction management consulting.
- (k) Suzhou Xiangxin Fire-Fighting Engineering Co., Ltd. is mainly engaged in fire engineering construction, fire engineering maintenance and fire equipment sales.
- (l) LIMK ENGINEERING PTE.LTD. is mainly engaged in the installation of pipeline, heating and air conditioning systems.
- (m) L&K-LCB Joint Venture LLP is mainly engaged in the business of manufacturing and sales of air conditioners, ceilings, and compartments.

(n) LIMK ENGINEERING PTE.LTD. is mainly engaged in the business of manufacturing and sales of air conditioners, ceilings, and compartments.

(C) Changes in equity of subsidiaries :

- (a) Cash capital increase of RSEA Engineering Corporation(privatized 2009) was resolved in the board of directors' meeting held on March 25, 2024, to issue 127,159 thousand shares with a par value \$10 dollars per share issuance price of \$10.5 per share. The registration was completed on July 1, 2024. The board of directors of the Company approved participating in the cash capital increase of RSEA Engineering Corporation(privatized 2009) on April 9, 2024. The Company unproportionally subscribed 97,039 thousand shares, at \$1,018,908 thousand, causing the shareholding ratio changed from 84.79% to 82.64%.
- (b) LIMK ENGINEERING PTE.LTD., a subsidiaries of L&K Engineering (Suzhou) Co., Ltd., was registered on June 6, 2025, and partial capital injection was completed in November 2025.
- (c) Deregistration of Suzhou Xiangxin Fire-Fighting Engineering Co., Ltd. was resolved in the board of directors' meeting of L&K Engineering (Suzhou) Co., Ltd. held on April 25, 2025, and the procedure was completed on November 2025.
- (d) Registration of L&K ENGINEERING PTE.LTD. was resolved in the board of directors' meeting of the Company held on August 8, 2025. The procedure was completed on September 15, 2025, and partial capital injection was completed in December 2025.
- (e) L&K-LCB Joint Venture LLP was registered on August 22, 2025.
- (f) Cash capital increase of Sunshine Investment Co., Ltd. amounting to RMB 33,820 thousand was resolved in the board of directors' meeting of Unique Grand Limited held on October 1, 2025, and the capital injection was completed on December 1, 2025, raising the shareholding ratio from 0% to 6.02%. The shareholding ratio of Sunshine (China) Inc. in Sunshine Investment Co., Ltd. changed from 100% to 93.98%.
- (g) Cash capital increase of Unique Grand Limited, amounting to USD 4,397 thousand, was held in December, 2025. The Company did not subscribe and reduced its shareholding ratio from 51.71% to 49.80%.

(D)Being the Group's controlled entity, under 50% owned by the Group, was included in the consolidated financial statements: Although the Company does not directly or indirectly hold more than 50% of the voting rights of Unique Grand Limited, the Company has substantial control over Unique Grand Limited and therefore regards Unique Grand Limited as a subsidiary.

(E) Subsidiaries not included in the consolidated financial statements: None.

(F) Adjustments for subsidiaries with different balance sheet dates: None.

(G)Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(4) Foreign Currency Translation

(A) Foreign currency transactions and balances

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

(B) Translation of foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NTD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(5) Classification of Current and Noncurrent Assets and Liabilities

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

The Group classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

- (A) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (B) It holds the asset primarily for the purpose of trading;
- (C) It expects to realize the asset within twelve months after the reporting period; or
- (D) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

- (A) It expects to settle the liability in its normal operating cycle;
- (B) It holds the liability primarily for the purpose of trading;
- (C) The liability is due to be settled within twelve months after the reporting period; or
- (D) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(A) Financial instruments:

The Group accounts for regular way purchase or sales of financial assets on the trade date. The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of:

- the Group's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

(a) Financial assets measured at amortized cost

The Group's investment financial assets are classified as financial assets measured at amortized cost if they meet the following two conditions:

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

Financial assets measured by amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are recognized in the original acquisition cost. After the amortization cost measurement, any foreign currency exchange gains and losses are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total book value of the financial assets, except for the following two cases:

- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.
- (b) Equity instrument investments measured at fair value through other comprehensive gains and losses The Group is able to make an irrevocable choice to invest in an equity instrument that is not recognized by the non-corporate mergers and acquisitions of the transaction, and is designated at fair value through other comprehensive gains and losses.

The investment in equity instruments measured at fair value through other comprehensive gains and losses is measured at fair value. Subsequent changes in fair value are presented in other comprehensive profit or loss and accumulated in other equity. At the time of investment disposal, the accumulated gains and losses are transferred directly to retained earnings and are not reclassified as profit or loss.

The dividends of the equity instruments that are measured at fair value through other comprehensive gains and losses are recognized in profit or loss when the Group's right to collect payments is established, unless the dividend clearly represents a portion of the investment cost.

(c) Financial asset measured at fair value through profit or loss

Financial assets that are measured at fair value through profit or loss are measured at fair value through profit or loss.

(B) Impairment of financial assets

The Group's impairment loss on financial assets (including accounts receivable) measured at amortized cost based on expected credit losses at each balance sheet date. Accounts receivable are recognized for allowance losses based on expected credit losses during the duration of the period. Other financial assets are firstly assessed whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the allowance loss is recognized based on the 12-month expected credit loss. If it has increased significantly, it is recognized as the expected credit loss during the lifetime.

The expected credit loss is the weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument in the 12 months following the report. The expected credit loss during the lifetime represents the expected credit loss arising from all possible defaults of the financial instrument during the expected duration. The impairment loss on all financial assets is reduced by the allowance account.

(C) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

(D) Financial Liabilities and Equity Instruments

(a) Classification as debt or equity

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

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

(c) Financial liabilities

Financial liabilities in the scope of IAS 39 are initially recognized at fair value through profit or loss or at amortized cost.

(d) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Excluding changes in own credit risk, gain or losses on the subsequent measurement including interest paid are recognized in profit or loss.

(e) Convertible bonds

The Group issued bonds payable embedded with conversion rights, puttable rights, callable rights, and the issuer shall classify the instrument, on initial recognition as a financial liability, a financial asset, or an equity instrument (capital reserve from stock warrants).

These bonds are accounted for as follows:

- (i) The difference between the issue price and face value of convertible corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date using the interest method and is recorded as “interest expense”.
- (ii) The value of any derivative features (such as a call option and put option) embedded in the compound financial instrument is recognized as “financial assets or financial liabilities at fair value through profit or loss”. These derivative features are subsequently remeasured and stated at fair value on each balance sheet date, and the gain or loss is recognized in “gain or loss on valuation of financial assets or financial liabilities”. At the maturity of redemption period, if the fair value of common stock exceeds the redemption price, the fair value of the put option is recognized as “paid-in capital”; however, if the fair value of common stock is lower than the redemption price, the fair value of the put option is recognized as “gain or loss”.
- (iii) A conversion option embedded in the bonds issued by the Group, which is convertible to an equity instrument, is recognized and included in “capital reserve from stock warrants”, net of income tax effects. When a bondholder exercises his/her conversion rights, the liability component of the bonds (including corporate bonds and embedded derivatives) shall be revalued, and the resulting difference shall be recognized as “gain or loss” in the current period. The book value of the common stock issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of the stock warrants.
- (iv) Costs incurred on issuance of convertible bonds are proportionately charged to the liabilities and equities of the underlying instruments based on initial recognition costs.

In the event that the bondholders may exercise put options within the following year, the underlying bonds payable shall be reclassified to current liabilities. The bonds payable whose put options are unexercised during the exercisable period shall be reversed to noncurrent liabilities.

(f) Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(F) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

(8) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

(9) Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The operating results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Group also recognized its share in the changes in the associates and jointly controlled entity. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share

of the net fair value of the identifiable assets, liabilities, and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with associates, profits and losses resulting from the transactions are recognized in the consolidated financial statements only to the extent of interests in the associates that are not owned by the Group.

(10) Leases

The Group as a lessor

The Group recognizes lease payments from operating leases as rental income on a straight-line basis over the term of the lease.

The Group as a lessee

Except for short-term leases (leases of machinery and equipment and others) which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the balance sheets. Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Group by the end of the lease terms or if the cost of right-of-use assets reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are measured at the present value of the lease payments. Lease payments comprise fixed payments, variable lease payments which depend on an index or a rate and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. The lease payments are discounted using the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the assessment of an option to purchase an underlying asset, the Group remeasures the lease

liabilities with a corresponding adjustment to the right-of-use assets. Lease liabilities are presented on a separate line in the balance sheets. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(11) Property, Plant and Equipment

(A) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated with a separate depreciation rate or depreciation method.

Property, plant, and equipment are derecognized when disposed of or expected to have no future economic benefits generated through usage. The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as profit and loss.

(B) Reclassification to investment property

Property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(C) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the amount can be reliably measured. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(D) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and the net amount shall be allocated with the direct method over its useful life. Each significant item of property, plant and equipment shall be evaluated and depreciated separately if it possesses a different useful life. The depreciation charge for each period shall be recognized in profit or loss.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

(a) Building	3 ~ 50 years
(b) Machinery and equipment	3 ~ 15 years
(c) Computer and telecommunication equipment	3 ~ 8 years
(d) Transportation equipment	3 ~ 5 years
(e) Office equipment	3 ~ 8 years
(f) Leasehold improvements	5 years
(g) Other equipment	3 ~ 10 years

(12) Investment Properties

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently. The depreciation is computed along with the depreciable amount. The method, the useful life and the residual amount are the same with those of property, plant, and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of a property changes such that it is reclassified as property, plant, and equipment, the carrying amount at the date of reclassification becomes its cost for subsequent accounting. The estimated useful life of investment property is 50 years.

(13) Intangible Assets

(A) Intangible assets are mainly computer software which amortized on a straight-line basis for 3 years.

(B) Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(14) Impairment of Non-financial Assets

For inventories, assets arising from construction contracts, deferred income tax assets, assets arising from employee benefits, non-current assets classified as held for sale, and non-financial assets other than biological assets, assess whether impairment has occurred at the end of each reporting period. If any of those indications is present, an estimate of recoverable amount is made. If the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated to assess impairment.

The recoverable amount is the higher of an individual asset's or cash-generating unit's fair value less costs of disposal and its value in use. If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, the carrying amount of the individual asset or cash-generating unit is adjusted to reduce to the recoverable amount, and an impairment loss is recognized. Impairment losses are recognized immediately in profit or loss for the period. It is reassessed at the end of each reporting period whether there are indications that impairment losses recognized in prior years for non-financial assets other than goodwill may have ceased to exist or have decreased. If there is any change in the estimate used to determine the recoverable amount, the impairment loss is reversed to increase the carrying amount of the individual asset or cash-generating unit to its recoverable amount, but not more than the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are regularly tested for impairment every year, and impairment losses are recognized for the part whose recoverable amount is lower than the book value.

For the purposes of impairment testing, goodwill arising from a business combination is allocated to each cash-generating unit (or group of cash-generating units) of the Group that is expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is lower than its book value, the impairment loss is firstly reduced to the book value of the goodwill that has been allocated to the cash-generating unit, and secondly apportioned in proportion to the book value of each asset in the unit. The recognized goodwill impairment loss cannot be reversed in subsequent periods.

(15) Borrowings

(A) Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(B) Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(16) Accounts Payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(17) Provision

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

(18) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(19) Revenue Recognition

(A) Engineering Service Income

In the real estate construction contract during the construction process, the Group gradually recognizes revenue over time. As the cost of construction is directly related to the completion of the performance obligation, the Group measures the completion rate based on the actual input cost to the expected total cost. The Group gradually recognizes contract assets during the construction process and reclassifies them as accounts receivable when the bill is opened. If the amount of work received exceeds the amount of recognized income, the difference is recognized as a contract liability. The project retentions detained by the customers in accordance with the terms of the contract are intended to ensure that the Group fulfills all contractual obligations and is recognized as contractual assets before the completion of the performance of the Group.

If the result of the performance obligation cannot be reliably measured, it will only be recognized within the scope of the expected cost of the performance obligation.

(B) Merchandise Income

The Group sells merchandise and recognizes revenue when the promised merchandise is delivered to the client and the customer obtains control (ie, the customer's ability to lead the use of the merchandise and obtain almost all of the remaining benefits of the merchandise).

(20) Employee Benefits

(A) Short-term employee benefits:

Short-term employee benefits-related liabilities are measured as non-discounted amounts that are expected to be paid in exchange for employee services.

(B) Post-employment benefits:

For defined contribution plans, the contributions are recognized as pension expense when they are due in that period when the employees render service. For defined benefit plans, the pension expense, including service cost, net interest and remeasurement, is recognized according to actuarial calculation using the projected unit credit method. Service cost (including past service cost) and net interest on net defined benefit liability (asset) are recognized in profit or loss immediately. Remeasurement, including actuarial gain or loss and return on plan asset net of interest expense, is recognized in other comprehensive income as incurred, recorded in retained earnings, and not recycled to profit or loss in the future.

(21) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or

sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(22) Share-based payment agreement

Equity-Settled Share-Based Payment Agreements Granted to Employees

Equity-settled share-based payment agreements are recognized as expenses on a straight-line basis over the vesting period, based on the fair value of the equity instruments on the grant date and the best estimate of the expected vested quantity. Simultaneously, an adjustment is made to capital surplus – employee stock options. If the awards are immediately vested on the grant date, the full expense is recognized on that date. The grant date for the company's cash capital increase reserved for employee subscription is the date of approval by the Board of Directors.

(23) 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 charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group 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 5% 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) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- (D) Deferred income 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 income tax assets are reassessed.
- (E) The Group operates in jurisdictions where current tax assets and current tax liabilities are not legally enforceable to be offsetting against each other. As a result, the Group recognizes its deferred income

tax assets and liabilities on a gross basis.

- (F) The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

In the application of the Group's accounting policies, which are described in Note 4, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(1) Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(A) Investment property:

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment.

(B) Operating lease commitments – Group as the lessor:

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, retaining all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2) Estimates and Assumptions

The key assumptions concerning the future and other key sources of assumption uncertainty which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(A) Construction contract revenue:

The Group recognizes the contract revenue and profit by the managements' estimate of the profit of the contract and the completion level. Management reviews and modifies the contractual profits and costs during the contract period, and the actual contract result may be higher or lower than the estimates, which will affect the recognized revenue and profit.

(B) Impairment of trade receivables:

The estimated impairment of trade receivables is based on the Group's assumptions about default rates and expected loss rates. The Group considers historical experience, current market conditions and forward-looking information to make assumptions and select input values for impairment assessments. If the actual cash flow in the future is less than expected, significant impairment losses may occur.

(C) Pension benefits:

The cost of defined benefit pension plans and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the discount rate, future salary increase, mortality rates and future pension increases. Please refer to Note 6 (20) for detailed explanation of assumptions used in measuring pension cost and defined benefit obligation.

6. Major Accounts Explanation

(1) Cash and Cash Equivalents

Items	Dec. 31, 2025	Dec. 31, 2024
Cash on hand	\$ 5,662	\$ 4,749
Savings accounts	29,389,412	14,392,411
Time deposits	13,542,651	8,900,936
Cash equivalents –Short-term Notes	599,517	49,870
Total	\$ 43,537,242	\$ 23,347,966

(2) Financial Asset at Fair Value Through Profit or Loss

Items	Dec. 31, 2025	Dec. 31, 2024
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 269,811	\$ 204,318
Call and put options of convertible bonds	3	1,757
Convertible bonds issued by listed companies	19,720	19,860
Limited Partnership	1,554,762	145,945
Total	\$ 1,844,296	\$ 371,880

Items	Dec. 31, 2025	Dec. 31, 2024
Financial assets at fair value through profit or loss - current	\$ 289,534	\$ 225,935
Financial assets at fair value through profit or loss – non-current	\$ 1,554,762	\$ 145,945

Items	For the Years Ended December 31,	
	2025	2024
Revaluation profit or (loss) of financial assets mandatorily measured at fair value through profit or loss	\$ 1,345,432	\$ 10,109

(3) Accounts and Notes Receivable, net

(A) Details are as follows:

Items	Dec. 31, 2025	Dec. 31, 2024
Notes receivable	\$ 26,500	\$ 2,520
Accounts receivable	8,578,458	5,089,199
Total	8,604,958	5,091,719
Less: Loss allowance	(917,554)	(714,358)
Net	\$ 7,687,404	\$ 4,377,361

(B) The allowance for the notes receivable and the accounts are calculated according to the provision matrix as follows:

	December 31, 2025							Total
	Not past due	0~ 60 day	61~ 90 day	91~ 180 day	181~ 365 day	366~ 730 day	Past due over 731 day	
Expected credit								
loss rate	0%~0.1%	0.1%~10%	0.1%~4%	0.1%~10%	10%	10%~25%	10%~100%	-
Total amount	\$ 6,214,022	\$ 21,135	\$ 51,951	\$ 57,983	\$ 29,061	\$ 337,134	\$ 1,893,672	\$ 8,604,958
Loss allowance	(7,984)	(420)	(2,078)	(4,639)	(2,906)	(114,640)	(784,887)	(917,554)
Amortized cost	\$ 6,206,038	\$ 20,715	\$ 49,873	\$ 53,344	\$ 26,155	\$ 222,494	\$ 1,108,785	\$ 7,687,404
	December 31, 2024							Total
	Not past due	0~ 60 day	61~ 90 day	91~ 180 day	181~ 365 day	366~ 730 day	Past due over 731 day	
Expected credit								
loss rate	0%~0.1%	0.1%~10%	0.1%~4%	0.1%~10%	10%	10%~25%	10%~100%	-
Total amount	\$ 2,598,585	\$ 13,413	\$ 166,935	\$ 224,470	\$ 145,285	\$ 311,537	\$ 1,631,494	\$ 5,091,719
Loss allowance	(4,246)	(268)	(6,677)	(17,958)	(27,350)	(77,884)	(579,975)	(714,358)
Amortized cost	\$ 2,594,339	\$ 13,145	\$ 160,258	\$ 206,512	\$ 117,935	\$ 233,653	\$ 1,051,519	\$ 4,377,361

The Group adopts the simplified approach of IFRS 9 to recognize the allowance loss of accounts receivable based on the expected credit losses during the lifetime. The expected credit losses on notes and accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast GDP and direction of economic conditions at the reporting date. The expected credit loss rate recognizes the allowance loss based on the expectations of customers in different risk groups.

Aging analysis of accounts receivable that is individually determined to be impaired:

<u>Items</u>	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Neither past due nor impaired	\$ 6,206,038	\$ 2,594,339
Past due but not impaired:		
Past due 0~60 days	20,715	13,145
Past due 61~90 days	49,873	160,258
Past due 91~180 days	53,344	206,512
Past due 181~365 days	26,155	117,935
Past due over 366 days	1,331,279	1,285,172
Total	<u>\$ 7,687,404</u>	<u>\$ 4,377,361</u>

(4) Other Receivables, net

(A) Details are as follows:

<u>Items</u>	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Other receivables	\$ 111,654	\$ 495,569
Less: loss allowance	(2,880)	(2,880)
Net	<u>\$ 108,774</u>	<u>\$ 492,689</u>

(B) Movement in the provision for impairment of other receivables:

<u>Items</u>	<u>For the Years Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 2,880	\$ 2,880
The amount charged or reversed for the period	-	-
The amount written-off for the period	-	-
Effect of exchange rate change	-	-
Ending balance	<u>\$ 2,880</u>	<u>\$ 2,880</u>

(5) Inventories, net

<u>Items</u>	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Supplies	\$ 11,483	\$ 25,717
Merchandise	11,356	22,961
Property for sale	687,575	658,898
Total	<u>\$ 710,414</u>	<u>\$ 707,576</u>

The market price decline and obsolete loss reversal profit for inventories amounted to \$0 for the years ended December 31, 2025 and 2024.

(6) Prepayments

<u>Items</u>	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Prepaid expenses	\$ 504,535	\$ 378,452
Advance payments	2,160,208	6,628,009
Other prepayments	602,396	491,443
Total	<u>\$ 3,267,139</u>	<u>\$ 7,497,904</u>

(7) Other Current Financial Assets

Items	Dec. 31, 2025	Dec. 31, 2024
Time deposits with maturities of more than three months	\$ 875,807	\$ 691,405
Restricted assets	3,514,037	3,781,230
Guarantee deposits paid	63,809	158,305
Total	\$ 4,453,653	\$ 4,630,940

Items	Dec. 31, 2025	Dec. 31, 2024
Other financial assets - current	\$ 4,389,844	\$ 4,472,635
Other financial assets - noncurrent	\$ 63,809	\$ 158,305

For the collateral information of other financial assets, please refer to Note 8.

(8) Financial asset at fair value through other comprehensive income – Noncurrent

Items	Dec. 31, 2025	Dec. 31, 2024
Equity instrument investments:		
Listed companies stocks	\$ 952,315	\$ 689,122
Unlisted companies stocks	155,125	156,607
Total	\$ 1,107,440	\$ 845,729

(A) The Group's investments in equity instruments are classified as medium and long-term strategic investments and are designated at fair value through other comprehensive income.

(B) The fair value through other comprehensive income - financial assets (FVTOCI) was summarized as follows:

Items	For the Years Ended December 31,	
Fair value through other comprehensive income – equity instrument	2025	2024
The variation recognized as fair value through other comprehensive income	\$ 345,202	\$ 247,571
The derecognition of accumulated profit or loss into retained earnings	\$ 82,925	\$ -

(9) Investment Accounted for Using the Equity Method

Investee company	December 31, 2025		
	Cost	Ownership percentage	Carrying amount
Formosa Medical Devices Inc.	\$ 49,036	40.88%	\$ 8,776
Less: Accumulated impairments	-		(8,776)
Net	\$ 49,036		\$ -

Investee company	December 31, 2024		
	Cost	Ownership percentage	Carrying amount
Formosa Medical Devices Inc.	\$ 49,036	40.88%	\$ 8,776
Less: Accumulated impairments	-		(8,776)
Net	<u>\$ 49,036</u>		<u>\$ -</u>

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2025 and 2024, the carrying amount of the Group's individually immaterial associates amounted to \$0.

(10) Property, Plant, and Equipment

For the Year Ended December 31, 2025:

<u>Cost</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal/ Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Land	\$ 136,554	\$ -	\$ -	\$ -	\$ -	\$ 136,554
Buildings	710,655	2,193	-	(243)	4,585	717,190
Machinery and equipment	195,857	7,697	(892)	(3,812)	256	199,106
Computer equipment	102,863	17,044	-	(6,980)	342	113,269
Transportation equipment	266,209	41,689	800	(9,559)	707	299,846
Office equipment	27,048	142	-	(142)	27	27,075
Leasehold improvements	9,467	99	-	-	-	9,566
Other equipment	707,246	33,615	92	(742)	159	740,370
Construction in process	47,631	121,433	-	-	507	169,571
Total	<u>\$ 2,203,530</u>	<u>\$ 223,912</u>	<u>\$ -</u>	<u>\$ (21,478)</u>	<u>\$ 6,583</u>	<u>\$ 2,412,547</u>

<u>Accumulated depreciation</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal/ Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Buildings	\$ (319,952)	\$ (21,319)	\$ -	\$ 237	\$ (1,216)	\$ (342,250)
Machinery and equipment	(157,554)	(18,760)	2,298	3,446	(215)	(170,785)
Computer equipment	(65,910)	(14,473)	(29)	6,760	(184)	(73,836)
Transportation equipment	(149,814)	(25,933)	(2,294)	7,543	(187)	(170,685)
Office equipment	(24,712)	(662)	-	30	(33)	(25,377)
Leasehold improvements	(7,782)	(433)	-	-	-	(8,215)
Other equipment	(660,851)	(22,303)	25	829	(143)	(682,443)
Total	<u>\$ (1,386,575)</u>	<u>\$ (103,883)</u>	<u>\$ -</u>	<u>\$ 18,845</u>	<u>\$ (1,978)</u>	<u>\$ (1,473,591)</u>

For the year ended December 31, 2024:

<u>Cost</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal/ Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Land	\$ 136,554	\$ -	\$ -	\$ -	\$ -	\$ 136,554
Buildings	691,861	1,107	-	(205)	17,892	710,655
Machinery and equipment	190,473	27,155	(18,800)	(4,805)	1,834	195,857
Computer equipment	96,137	13,377	-	(8,657)	2,006	102,863
Transportation equipment	235,235	16,270	18,800	(6,527)	2,431	266,209
Office equipment	27,065	402	94	(729)	216	27,048
Leasehold improvements	9,467	-	-	-	-	9,467
Other equipment	671,467	35,510	(94)	(365)	728	707,246
Construction in process	45,980	88	-	-	1,563	47,631
Total	\$ 2,104,239	\$ 93,909	\$ -	\$ (21,288)	\$ 26,670	\$ 2,203,530

<u>Accumulated depreciation</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal/ Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Buildings	\$ (290,584)	\$ (23,404)	\$ -	\$ 205	\$ (6,169)	\$ (319,952)
Machinery and equipment	(143,172)	(18,533)	824	4,753	(1,426)	(157,554)
Computer equipment	(59,968)	(13,287)	(12)	8,493	(1,136)	(65,910)
Transportation equipment	(131,769)	(22,186)	(824)	6,473	(1,508)	(149,814)
Office equipment	(24,635)	(609)	-	720	(188)	(24,712)
Leasehold improvements	(7,340)	(442)	-	-	-	(7,782)
Other equipment	(651,567)	(9,058)	12	362	(600)	(660,851)
Total	\$ (1,309,035)	\$ (87,519)	\$ -	\$ 21,006	\$ (11,027)	\$ (1,386,575)

Carrying amount	Dec. 31, 2025	Dec. 31, 2024
Land	\$ 136,554	\$ 136,554
Buildings	374,940	390,703
Machinery and equipment	28,321	38,303
Computer equipment	39,433	36,953
Transportation equipment	129,161	116,395
Office equipment	1,698	2,336
Leasehold improvements	1,351	1,685
Other equipment	57,927	46,395
Construction in progress	169,571	47,631
Total	\$ 938,956	\$ 816,955

For the collateral information of the property, plant, and equipment, please refer to Note 8.

The significant part of the Group's buildings included main buildings, renovation (reconstruction) projects and electrical power equipment, and the related depreciation was calculated using the estimated useful lives of 50 years, 10 years, and 10 to 35 years, respectively.

(11) Right-of-use Assets

For the Year Ended December 31, 2025:

<u>Cost</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal / Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Land	\$ 3,021,226	\$ 25,713	\$ -	\$ (27,296)	\$ 14,673	\$ 3,034,316
Buildings	80,391	28,016	-	(5,215)	425	103,617
Transportation equipment	7,731	375	-	-	5	8,111
Total	<u>\$ 3,109,348</u>	<u>\$ 54,104</u>	<u>\$ -</u>	<u>\$ (32,511)</u>	<u>\$ 15,103</u>	<u>\$ 3,146,044</u>

<u>Accumulated depreciation</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal / Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Land	\$ (363,043)	\$ (64,717)	\$ -	\$ 27,295	\$ (2,448)	\$ (402,913)
Buildings	(34,924)	(26,831)	-	805	(396)	(61,346)
Transportation equipment	(3,703)	(2,372)	-	-	(5)	(6,080)
Total	<u>\$ (401,670)</u>	<u>\$ (93,920)</u>	<u>\$ -</u>	<u>\$ 28,100</u>	<u>\$ (2,849)</u>	<u>\$ (470,339)</u>

For the year ended December 31, 2024:

<u>Cost</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal / Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Land	\$ 2,913,902	\$ 30,882	\$ -	\$ (20,545)	\$ 96,987	\$ 3,021,226
Buildings	82,462	47,248	-	(51,342)	2,023	80,391
Transportation equipment	7,695	-	-	-	36	7,731
Total	<u>\$ 3,004,059</u>	<u>\$ 78,130</u>	<u>\$ -</u>	<u>\$ (71,887)</u>	<u>\$ 99,046</u>	<u>\$ 3,109,348</u>

Accumulated depreciation	Beginning balance	Additions	Reclassification	Disposal / Transfer	Effect of exchange rate changes	Ending balance
Land	\$ (297,034)	\$ (76,931)	\$ -	\$ 20,545	\$ (9,623)	\$ (363,043)
Buildings	(50,395)	(34,541)	-	51,342	(1,330)	(34,924)
Transportation equipment	(1,366)	(2,303)	-	-	(34)	(3,703)
Total	\$ (348,795)	\$ (113,775)	\$ -	\$ 71,887	\$ (10,987)	\$ (401,670)

Carrying amount	Dec. 31, 2025	Dec. 31, 2024
Land	\$ 2,631,403	\$ 2,658,183
Buildings	42,271	45,467
Transportation equipment	2,031	4,028
Total	\$ 2,675,705	\$ 2,707,678

(12) Investment Property

For the year ended December 31, 2025:

<u>Cost</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal/ Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Investment - land	\$ 68,001	\$ -	\$ -	\$ -	\$ -	\$ 68,001
Investment - building	70,752	-	-	-	144	70,896
Accumulated depreciation - investment	(43,040)	(2,170)	-	-	(126)	(45,336)
Net	<u>\$ 95,713</u>	<u>\$ (2,170)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 93,561</u>

For the year ended December 31, 2024:

<u>Cost</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal/ Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Investment - land	\$ 68,001	\$ -	\$ -	\$ -	\$ -	\$ 68,001
Investment - building	69,744	-	-	-	1,008	70,752
Accumulated depreciation - investment	(40,057)	(2,144)	-	-	(839)	(43,040)
Net	<u>\$ 97,688</u>	<u>\$ (2,144)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169</u>	<u>\$ 95,713</u>

For the Years Ended December 31,

	<u>2025</u>	<u>2024</u>
(A) Rent revenue of investment property	<u>\$ 3,233</u>	<u>\$ 3,696</u>

(B) The fair value of investment properties was \$230,146 thousand, both on December 31, 2025 and 2024. The evaluation was based on independent experts' reports, which adopted the market value method.

(13) Intangible AssetsFor the year ended December 31, 2025:

<u>Items</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal/ Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Computer software	\$ 125,321	\$ 15,230	\$ -	\$ (2,072)	\$ 360	\$ 138,839
Trademark	893	65	-	-	3	961
Goodwill	2,041	-	-	-	-	2,041
Technology	111,932	-	-	-	525	112,457
Total	<u>\$ 240,187</u>	<u>\$ 15,295</u>	<u>\$ -</u>	<u>\$ (2,072)</u>	<u>\$ 888</u>	<u>\$ 254,298</u>

<u>Accumulated amortization</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal/ Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Computer software	\$ (98,645)	\$ (14,613)	\$ -	\$ 2,072	\$ (267)	\$ (111,453)
Trademark	(733)	(20)	-	-	(3)	(756)
Technology	(111,932)	-	-	-	(525)	(112,457)
Total	<u>\$ (211,310)</u>	<u>\$ (14,633)</u>	<u>\$ -</u>	<u>\$ 2,072</u>	<u>\$ (795)</u>	<u>\$ (224,666)</u>

For the year ended December 31, 2024:

<u>Items</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal/ Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Computer software	\$ 110,775	\$ 12,927	\$ -	\$ (738)	\$ 2,357	\$ 125,321
Trademark	817	47	-	-	29	893
Goodwill	2,041	-	-	-	-	2,041
Technology	108,257	-	-	-	3,675	111,932
Total	<u>\$ 221,890</u>	<u>\$ 12,974</u>	<u>\$ -</u>	<u>\$ (738)</u>	<u>\$ 6,061</u>	<u>\$ 240,187</u>

<u>Accumulated amortization</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Disposal/ Transfer</u>	<u>Effect of exchange rate changes</u>	<u>Ending balance</u>
Computer software	\$ (84,308)	\$ (13,418)	\$ -	\$ 738	\$ (1,657)	\$ (98,645)
Trademark	(688)	(21)	-	-	(24)	(733)
Technology	(108,257)	-	-	-	(3,675)	(111,932)
Total	<u>\$ (193,253)</u>	<u>\$ (13,439)</u>	<u>\$ -</u>	<u>\$ 738</u>	<u>\$ (5,356)</u>	<u>\$ (211,310)</u>

<u>Carrying amount</u>	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Computer software	\$ 27,386	\$ 26,676
Trademark	205	160
Goodwill	2,041	2,041
Technology	-	-
Total	<u>\$ 29,632</u>	<u>\$ 28,877</u>

(14) Short-Term Borrowings

Items	Dec. 31, 2025	Dec 31, 2024
Unsecured bank loan	\$ 1,400,000	\$ 365,706
Other short-term loans	176,591	171,469
Total	\$ 1,576,591	\$ 537,175
Interest rate	0%~2.00%	0%~2.59%

(a) For the collateral of the above short-term loans, please refer to Note 8.

(b) For the Groups' unused credit for loan, please refer to Note 9(4).

(15) Short-Term Notes and Bills payable

Items	Dec. 31, 2025	Dec. 31, 2024
Short-term notes payable	\$ 350,000	\$ 520,000
Less: discounts on notes payable	(115)	(472)
Net	\$ 349,885	\$ 519,528
Interest rate	1.918%~2.058%	2.038%~2.208%

(16) Provisions

Items	For the Year Ended December 31, 2025		
	Warranties	Employee benefit	Total
Balance, January 1	\$ 521,700	\$ 21,162	\$ 542,862
Increase in the period	218,679	2,314	220,993
Use in the period	(9,982)	-	(9,982)
Balance, December 31	\$ 730,397	\$ 23,476	\$ 753,873

Items	For the Year Ended December 31, 2024		
	Warranties	Employee benefit	Total
Balance, January 1	\$ 396,140	\$ 17,336	\$ 413,476
Increase in the period	138,600	3,826	142,426
Use in the period	(13,040)	-	(13,040)
Balance, December 31	\$ 521,700	\$ 21,162	\$ 542,862

Employee benefits were based on employee's accrued paid leaves. These liability reserves were warranty and repair works estimated by historical experience, management's judgment and other known causes.

(17) Lease Liability

<u>Items</u>	Dec. 31, 2025		
	<u>Future minimum lease payments</u>	<u>Interest</u>	<u>Present value of future minimum lease payments</u>
Current	\$ 37,892	\$ 1,571	\$ 36,321
Noncurrent	43,575	1,010	42,565
Total	<u>\$ 81,467</u>	<u>\$ 2,581</u>	<u>\$ 78,886</u>

<u>Items</u>	Dec. 31, 2024		
	<u>Future minimum lease payments</u>	<u>Interest</u>	<u>Present value of future minimum lease payments</u>
Current	\$ 32,520	\$ 1,471	\$ 31,049
Noncurrent	45,008	1,344	43,664
Total	<u>\$ 77,528</u>	<u>\$ 2,815</u>	<u>\$ 74,713</u>

(A) The information of lease agreements of the Group were as follows:

<u>Items affecting profit or loss</u>	For the Years Ended December 31,	
	<u>2025</u>	<u>2024</u>
Interest expense on lease liabilities	\$ 2,332	\$ 2,276
Expense on short-term leases contracts	\$ 176,928	\$ 107,673
Expense on low-value lease assets contracts	\$ 9,370	\$ 4,054

(B) The Group's total cash outflow for leases in 2025 and 2024 was \$234,776 thousand and \$180,500 thousand, respectively. °

(C) Some part of office equipment, transportation equipment, and staff dormitory were recognized as short-term leases or the leases of low-value assets. The Group applied an exemption not to recognize relevant lease assets and lease liability.

(18) Bonds payable

<u>Items</u>	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Secured convertible bonds payable	\$ 12,800	\$ 418,400
Less: Discount on bonds payable	(322)	(20,168)
Less: current portion due in one year or one operating cycle	(12,478)	-
Net amount	<u>\$ -</u>	<u>\$ 398,232</u>

Items	For the Years Ended December 31,	
	2025	2024
Gain (Loss) on Valuation of Put/Call Option(Recognized in profit or loss as gain/loss on financial assets measured at fair value through profit or loss)	\$ (497)	\$ (1,574)
Interest expense (effective interest rate 2.05718%)	\$ 5,898	\$ 9,353

(A)The issuance terms of the fourth domestically issued unsecured convertible corporate bonds are as follows:

- (a) The company has been approved by the competent authority to raise and issue the fourth domestically issued unsecured convertible corporate bonds, with a total issuance amount of \$500,000 thousand. The bonds have a coupon rate of 0% and a maturity period of three years, with a circulation period from January 25, 2024, to January 25, 2027. These convertible bonds were listed and traded on the Taipei Exchange on January 25, 2024.
- (b) Convertible bondholders may request to convert the bonds into the company's common shares at any time starting from the day following the three-month anniversary of the bond issuance date until the maturity date, except during periods when transfers are suspended in accordance with regulations or legal requirements. The rights and obligations of the converted common shares will be the same as those of the previously issued common shares.
- (c) The initial conversion price of these convertible bonds was set at \$172.5 at the time of issuance and was subsequently adjusted in accordance with the provisions of the conversion terms. As of December 31, 2025, the conversion price was \$157.6. Bondholders had applied to convert bonds with a total face value of \$487,200 thousand into 2,954 thousand common shares of the company. As of December 31, 2025, 165 thousand of these shares had not yet completed the change in registration and were recorded under bond-to-stock conversion rights certificates.
- (d) Starting from the day following the three-month anniversary of the issuance date until 40 days before the maturity date, if the closing price of the company's common shares exceeds 130% of the then-applicable conversion price for 30 consecutive trading days, or if the outstanding balance of these convertible bonds falls below 10% of the original total issuance amount during the same period, the company may redeem all outstanding bonds at face value in cash at any time thereafter.
- (e) In accordance with the conversion terms, all convertible bonds that the company redeems (including those repurchased from the secondary market), repays, or have been converted shall be canceled and may not be resold or reissued. The associated conversion rights shall be extinguished simultaneously.
- (f) Bondholders may request the company to redeem their convertible bonds at face value plus an interest compensation of 1.0025% upon the second anniversary of the bond issuance.
- (g) After separation, the effective interest rate of the host debt contract is 2.05718%.

(B) When issuing the fourth domestically issued unsecured convertible corporate bonds, the company, in accordance with International Accounting Standard (IAS) 32, separated the equity component of the conversion right from the liability components and recognized \$27,225 thousand under capital surplus – stock warrants. As of December 31, 2025, bondholders had exercised their conversion rights under the conversion terms, resulting in the derecognition of \$26,529 thousand from capital surplus – stock warrants based on the number of shares converted, leaving a remaining balance of \$696 thousand. Additionally, the embedded call and put options were separated in accordance with IAS 39, as their economic characteristics and risks were not closely related to those of the host debt instrument. These options were recognized separately at their net value of \$3 thousand under 'financial assets measured at fair value through profit or loss.

(19) Long-Term Bank Borrowings

Items	Dec. 31, 2025	Dec. 31, 2024
Secured bank loan	\$ 35,956	\$ 41,928
Other long-term borrowings	265,382	264,143
Less: current portion due in one year or one operating cycle	(6,109)	(5,972)
Net	\$ 295,229	\$ 300,099
Interest rate	0%~2.275%	0%~2.275%

(A) For the collateral of the above long-term loans, please refer to Note 8.

(B) For the Group's unused credit for loan, please refer to Note 9(4).

(20) Retirement Benefit Plans

(A) Defined contribution plans:

The pension plan under the Labor Pension Act of R.O.C (the "LPA") is considered as a defined contribution plan. Based on the LPA, the Company and its domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Its foreign subsidiaries would make monthly contributions based on the local pension requirements.

The total expense recognized in the statement of comprehensive income of \$58,149 thousand and \$53,411 thousand for the years ended December 31, 2025 and 2024 represents contributions made to these plans by the Group.

(B) Defined benefit plans:

(a) The Company and its domestic subsidiaries made the pension plan according to Labor Standard Law that is defined benefit plan. The pension payment is calculated by the work experience and the average salary. The method of base year amount calculated is two base amount per year in the first fifteen years, and a base amount per year after fifteen years, and it can cumulate to 45 amount at most. The Company distributed 3% of salary to pension fund, and saved in the designated account in Bank of Taiwan.

The total expense recognized in the statement of comprehensive income of \$849 thousand and \$861 thousand for the years ended December 31, 2025 and 2024 represents contributions made to these plans by the Company.

(b) Pension cost of the defined benefit plan recognized in the statement of comprehensive income is as follows:

Items	For the Years Ended December 31,	
	2025	2024
Current service cost	\$ 453	\$ 519
Settlement gains and losses	103	-
Net interest expense	293	342
Components of defined benefit costs recognized in profit or loss	849	861
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(4,765)	(5,810)
Actuarial gains and losses arising from experience adjustments	5,024	399
Actuarial gains and losses arising from changes in financial assumptions	2,353	(3,592)
Actuarial gains and losses arising from change in demographics assumption	23	(1)
Components of defined benefit costs recognized in other comprehensive income	2,635	(9,004)
Total	\$ 3,484	\$ (8,143)

(c) Adjustment of fair value of defined benefit obligation and plan assets were as follows:

Items	Dec. 31, 2025	Dec. 31, 2024
Present value of defined benefit obligation	\$ 91,651	\$ 86,747
Fair value of plan assets	(71,891)	(67,713)
Net defined benefit liability	\$ 19,760	\$ 19,034

(d) Changes in the present value of defined benefit obligation were as follows:

Items	For the Years Ended December 31,	
	2025	2024
Beginning balance	\$ 86,747	\$ 94,437
Current service cost	453	519
Interest expense	1,400	1,119
Benefit paid from plan assets	(3,103)	(6,134)
Actuarial gains and losses arising from experience adjustments	5,024	399
Actuarial gains and losses arising from change in demographics assumption	23	(1)
Actuarial gains and losses arising from changes in financial assumptions	2,353	(3,592)
Effect of plan settlement	(1,246)	-
Ending balance	\$ 91,651	\$ 86,747

(e) Changes in the fair value of plan assets were as follows:

Items	For the Years Ended December 31,	
	2025	2024
Beginning balance	\$ 67,713	\$ 64,651
Expected return of plan assets	1,107	777
Contributions from employer	2,758	2,609
Benefit paid from plan assets	(4,452)	(6,134)
Return on plan assets	4,765	5,810
Ending balance	\$ 71,891	\$ 67,713

(f) Defined benefit obligations payable in future years are as follows:

Year	Amount
2026	\$ 4,156
2027	4,142
2028	3,282
2029	16,368
2030	4,945
Over 2031	69,920

The Company expects to make a contribution of \$2,740 thousand to the defined benefit pension plan within one year from December 31, 2025.

The weighted average duration of the defined benefit plan was 8 years on December 31, 2025.

(g) The percentage for each major category of plan assets were as follows:

Items	Pension plan	
	Dec. 31, 2025	Dec. 31, 2024
Cash	100%	100%
Equity instruments	-	-
Debt instruments	-	-
Others	-	-

The actual reward of the plan assets in 2025 and 2024 were \$5,872 thousand and \$6,587 thousand.

(h) According to relevant rules subject to custody and use of labor pension fund, profit of the fund will distribute based on performance every year. And it shall not be lower than interest rate of two-year deposit of the local bank. The government finance will make up the balance if a deficit occurs. Employer cannot decide the investment target of fund. According to the report issued by Labor Pension Fund Supervisory Committee, the pension reserve fund was allocated on December 31, 2025 and 2024 as follows:

Items	Dec. 31, 2025	Dec. 31, 2024
Deposit in financial institutions	12.29%	14.43%
Loan to government and government-owned enterprises	-	-
Investment of stock and beneficiary certificate	11.69%	11.57%
Short-term bills	3.45%	5.49%
Government bonds, financial bonds, and corporate bond	8.37%	7.39%
Overseas investment	50.39%	49.50%
Others	13.81%	11.62%

(i) The principal assumptions used for the Company's defined benefit plans:

Items	Dec. 31, 2025	Dec. 31, 2024
Discount rate	1.35%	1.65%
Expected rates of salary increase	3.00%	3.00%

(j) 0.25% change in the assumed discount rate would have the following effects:

	For the Year Ended December 31, 2025	
	Increase	Decrease
Effect on the defined benefit obligation	\$ (1,934)	\$ 1,997
	For the Year Ended December 31, 2024	
	Increase	Decrease
Effect on the defined benefit obligation	\$ (1,904)	\$ 1,969

(k) 0.25% change in the assumed expected rates of salary increase would have the following effects:

	For the Year Ended December 31, 2025	
	Increase	Decrease
Effect on the defined benefit obligation	\$ 1,984	\$ (1,933)

	For the Year Ended December 31, 2024	
	Increase	Decrease
Effect on the defined benefit obligation	\$ 1,961	\$ (1,908)

The sensitivity analysis described above is based on a one actuarial assumption (e.g. discount rate or expected rates of salary increase) which changed in a reasonable and probable range while the other assumptions remained unchanged. Since some of the actuarial assumptions are related to each other, in practice it is rare that only one assumption changes. Thus the analysis has its limitations.

The methods and assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(21) Capital - Common Stock

Items	Dec. 31, 2025	Dec. 31, 2024
Authorized shares (thousands)	350,000	350,000
Authorized share capital	\$ 3,500,000	\$ 3,500,000
Issued and fully paid-up shares (thousands)	235,330	233,005
Issued share capital	\$ 2,353,295	\$ 2,330,050

(A) A holder of issued common shares with par value of T\$10 per share is entitled to vote and to receive dividends.

(B) On November 30, 2023, the Board of Directors of the company resolved to conduct a cash capital increase by issuing 7,000 thousand common shares with a par value of \$10 per share, increasing the share capital by \$70,000 thousand. The issuance price per share was \$115. This capital increase plan was approved by the Financial Supervisory Commission, with March 13, 2024, set as the capital increase base date. After the capital increase, the paid-in capital amounted to \$2,325,409 thousand, and the change in registration was completed on April 19, 2024.

(C) As of December 31, 2025, holders of the company's fourth domestically issued convertible corporate bonds had requested the conversion of \$487,200 thousand in face value into 2,954 thousand common shares. Among these, 165 thousand converted shares have yet to complete the change in registration and are recorded under bond-to-stock conversion rights certificates. The registration change will be duly processed in accordance with the law.

(22) Capital Surplus

Capital surplus can only be used to offset a deficit under the Company Law. However, the capital surplus generated from donations and the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers, convertible bonds, and the surplus from treasury stock transactions) may be appropriated as stock dividends. Unless the legal reserve has been used to offset the retained loss and there remains a deficit, capital surplus is not allowed to be used to offset. In addition, the capital surplus from long-term investments may not be used for any purpose.

Items	Dec. 31, 2025	Dec. 31, 2024
Additional paid-in capital - common stock	\$ 2,141,429	\$ 2,141,429
Additional paid-in capital - bond conversion	1,844,000	1,456,281
Additional paid-in capital in excess of par - treasury stock	16,924	16,924
Net assets from merger	10,645	10,645
Employee stock options	37,121	37,121
Stock options embedded in bonds payable	696	22,781
Invalid stock option	34,132	34,132
Changes in ownership interests in subsidiaries	51,897	20,015
Total	\$ 4,136,844	\$ 3,739,328

(23) Legal Reserve and Accumulated Earnings

- (A) Pursuant to the Company's Articles of Incorporation, current year's earnings, if any, shall be appropriated in the following order:
- (a) Payments of all taxes, if any
 - (b) To offset prior year's deficit, if any
 - (c) To set aside 10% of the remaining amount as legal reserve after deducting items
 - (d) To set aside special reserve, if required
 - (e) To set aside an amount for dividends
 - (f) The remaining amount (the "appropriable after-dividend earnings"), if any, combination with prior year's accumulated unappropriated earnings is appropriated based on the appropriation of shareholders' bonuses plan drafted by the board of directors under the ordinary shareholders' meeting.
- (B) According to the regulations of the competent authority, if the company has other net interest deductions, it shall provide the same amount of special surplus reserve within the statutory limit. When the other equity deductions are reversed, the revolving part will make up for the loss or distribute the surplus.

(C) The appropriations of earnings for 2024 had been resolved in the shareholders' meeting held on May 16, 2025. The appropriations of earnings for 2023 had been resolved in the shareholders' meeting held on June 26, 2024. The appropriations and dividends per share were as follows:

Items	For the Years Ended December 31,			
	2024		2023	
	Amount	Per share (dollar)	Amount	Per share (dollar)
Legal reserve	\$ 434,271		\$ 288,718	
Cash dividends	3,265,940	\$ 14	2,092,868	\$ 9
Total	\$ 3,700,211	\$ 14	\$ 2,381,586	\$ 9

The appropriations of earnings of 2025 was resolved in the board of directors' meeting held on March 13, 2026. The appropriation included legal reserve \$722,579 thousand and cash dividends \$5,417,344 thousand (\$23 dollars per share).

- (D) The proportion of cash dividends distributed shall not be less than 10% of the total dividends.
- (E) The appropriation for legal reserve is made until the reserve equals the aggregate par value of the Company's paid-in capital stock. The reserve can only be used to offset an accumulated deficit or be distributed as dividends in cash or stock for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

(24) Other Equity

(A) Exchange differences arising on translation of foreign operations :

Items	For the Years Ended December 31,	
	2025	2024
Beginning balance	\$ (65,781)	\$ (273,524)
Increase in the period	290,556	259,662
Income tax	(58,632)	(51,932)
Changes in ownership interests in subsidiaries	2,604	13
Ending balance	\$ 168,747	\$ (65,781)

The exchange difference of converting net assets of foreign operations to the Group's presentation currency New Taiwan dollar is directly recorded to exchange difference arising on translation of foreign operations which is under other comprehensive income.

(B) Unrealized gains and losses on financial assets measured at fair value through other comprehensive income:

Items	For the Years Ended December 31,	
	2025	2024
Beginning balance	\$ 515,834	\$ 268,263
Valuation of profit (loss) for the period	345,202	247,571
Disposal of financial assets	(82,925)	-
Income tax	-	-
Ending balance	\$ 778,111	\$ 515,834

Unrealized gain/loss on fair value through other comprehensive income represents the cumulative gains or losses arising from the financial assets at fair value through other comprehensive income that are recognized in other comprehensive income. When those financial assets at fair value through other comprehensive income have been disposed, the related cumulative gains or losses in other comprehensive income are reclassified to retained earnings.

(25) Non-Controlling Interests

(A) Change of non-controlling interests:

Items	For the Years Ended December 31,	
	2025	2024
Beginning balance	\$ 5,953,006	\$ 4,634,253
Net income (loss)	2,070,867	1,287,985
Foreign currency translation reserve	(24,662)	148,114
Related income tax of foreign currency translation	(2)	(1)
Changes in ownership interests in subsidiaries	(31,882)	(6,901)
Increase/decrease in non-controlling interests	(733,838)	(110,444)
Ending balance	\$ 7,233,489	\$ 5,953,006

(B) Summarized financial information of subsidiaries which the Group has significant non-controlling interest:

Company name	Principal place of business	Percentage of ownership (%)	
		Dec. 31, 2025	Dec. 31, 2024
Unique Grand Limited and subsidiaries	Hong Kong	50.20%	48.29%
Current assets		\$ 119,390	\$ 94,912
Non-current assets		2,770,310	2,687,683
Current liabilities		(548,956)	(537,928)
Non-current liabilities		(265,607)	(264,367)
Total net assets		\$ 2,075,137	\$ 1,980,300
Accumulate non-controlling interests		\$ 1,041,719	\$ 956,287

	For the Years Ended December 31,	
	2025	2024
Statements of comprehensive income:		
Sales	\$ -	\$ -
Net income	\$ (50,731)	\$ (82,408)
Other comprehensive income for the period, net of income tax	7,384	76,927
Total comprehensive income for the period	\$ (43,347)	\$ (5,481)
The Company's net income attributable to the non-controlling interests in the subsidiary	\$ (24,579)	\$ (39,795)
The Company's other comprehensive income attributable to the non-controlling interests in the subsidiary	1,104	37,148
The Company's total comprehensive income attributable to the non-controlling interests in the subsidiary	\$ (23,475)	\$ (2,647)
Dividend received from subsidiaries	\$ -	\$ -

	For the Years Ended December 31,	
	2025	2024
Statements of cash flows:		
Cash flows from operating activities	\$ 58,526	\$ (21,225)
Cash flows from investing activities	(121,442)	(134)
Cash flows from financing activities	96,098	13,217
Effect of exchange rate changes	(8,860)	13,984
Net increase (decrease) in cash and cash equivalents	24,322	5,842
Cash and cash equivalents at beginning of period	23,410	17,568
Cash and cash equivalents at end of period	\$ 47,732	\$ 23,410

Company name	Principal place of business	Percentage of ownership (%)	
		Dec. 31, 2025	Dec. 31, 2024
L&K Engineering (Suzhou) Co., Ltd.	Suzhou	46.01%	46.01%
Balance sheets:			
Current assets		\$ 21,920,732	\$ 16,613,879
Non-current assets		1,392,396	1,446,029
Current liabilities		(12,856,171)	(9,656,967)
Non-current liabilities		(427)	(8,136)
Total net assets		\$ 10,456,530	\$ 8,394,805
Accumulate non-controlling interests		\$ 4,810,710	\$ 3,862,177
For the Years Ended December 31,			
		2025	2024
Statements of comprehensive income:			
Sales		\$ 21,781,503	\$ 23,753,608
Net income		\$ 3,896,473	\$ 2,716,679
Other comprehensive income for the period, net of income tax		(52,552)	237,796
Total comprehensive income for the period		\$ 3,843,921	\$ 2,954,475
The Company's net income attributable to the non- controlling interests in the subsidiary		\$ 1,792,641	\$ 1,249,856
The Company's other comprehensive income attributable to the non-controlling interests in the subsidiary		(24,178)	109,402
The Company's total comprehensive income attributable to the non-controlling interests in the subsidiary		\$ 1,768,463	\$ 1,359,258
Dividend received from subsidiaries		\$ 819,930	\$ 435,143

	For the Years Ended December 31,	
	2025	2024
Statements of cash flows:		
Cash flows from operating activities	\$ 7,303,863	\$ 7,362,262
Cash flows from investing activities	4,205	2,216
Cash flows from financing activities	(1,930,325)	(982,331)
Effect of exchange rate changes	10,888	216,921
Net increase (decrease) in cash and cash equivalents	5,388,631	6,599,068
Cash and cash equivalents at beginning of period	10,412,462	3,813,394
Cash and cash equivalents at end of period	\$ 15,801,093	\$ 10,412,462

(26) Operating Revenue

Items	For the Years Ended December 31,	
	2025	2024
Construction contract revenue	\$ 76,074,643	\$ 63,697,899
Sales contract revenue	1,410,009	1,391,993
Total	\$ 77,484,652	\$ 65,089,892

(A) Segmentation of customer contract revenue :

The revenue can be subdivided into the following major regional markets:

Item	For the Year Ended December 31, 2025			
	Taiwan	China (including Hong Kong)	Other countries	Total
External customer contract revenue	\$ 24,160,362	\$ 5,825,984	\$ 47,498,306	\$ 77,484,652

Item	For the Year Ended December 31, 2024			
	Taiwan	China (including Hong Kong)	Other countries	Total
External customer contract revenue	\$ 20,056,811	\$ 13,721,379	\$ 31,311,702	\$ 65,089,892

(B) Contract assets and contract liabilities :

Items	Dec. 31, 2025	Dec. 31, 2024
Contract assets		
Retainable for receivables	\$ 5,985,048	\$ 4,336,237
Real estate construction	10,351,543	10,162,187
Total	\$ 16,336,591	\$ 14,498,424
Less: loss allowance	(956,098)	(514,273)
Net	\$ 15,380,493	\$ 13,984,151

Items	Dec. 31, 2025	Dec. 31, 2024
Contract liabilities		
Advance sales receipts	\$ 35,693	\$ 35,605
Real estate construction	26,147,542	18,399,282
Total	\$ 26,183,235	\$ 18,434,887

(27) **Expected Credit Impairment Loss (Benefit)**

	For the Years Ended December 31,	
	2025	2024
(A) Expected credit impairment loss (benefit)	\$ 643,373	\$ 103,318

(B) The information on the changes in allowances for the Group's receivables and other receivables is as follows:

	For the Year Ended December 31, 2025				
Items	Notes receivable	Accounts receivable	Contract assets	Other receivables	Total
Beginning balance	\$ 25	\$ 714,333	\$ 514,273	\$ 2,880	\$ 1,231,511
Amount incurred in the current period	-	202,766	440,607	-	643,373
Amount of current write- off	-	(136)	-	-	(136)
Exchange rate impact	-	566	1,218	-	1,784
Ending balance	\$ 25	\$ 917,529	\$ 956,098	\$ 2,880	\$ 1,876,532

Items	For the Year Ended December 31, 2024				
	Notes receivable	Accounts receivable	Contract assets	Other receivables	Total
Beginning balance	\$ 25	\$ 608,762	\$ 496,555	\$ 2,880	\$ 1,108,222
Amount incurred in the current period	-	98,471	4,847	-	103,318
Amount of current write- off	-	(150)	-	-	(150)
Exchange rate impact	-	7,250	12,871	-	20,121
Ending balance	\$ 25	\$ 714,333	\$ 514,273	\$ 2,880	\$ 1,231,511

(28) Employee Benefits Expense, Depreciation and Amortization

(A) Employee benefits expense:

Items	For the Years Ended December 31,					
	2025			2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense	\$ 3,677,733	\$ 1,267,048	\$ 4,944,781	\$ 3,366,018	\$ 1,015,147	\$ 4,381,165
Salary	3,217,835	1,110,598	4,328,433	2,925,252	878,147	3,803,399
Labor and health insurance	238,390	25,745	264,135	212,876	15,573	228,449
Pension	50,969	8,029	58,998	47,030	7,242	54,272
Others	170,539	122,676	293,215	180,860	114,185	295,045
Depreciation	103,638	96,335	199,973	105,409	98,029	203,438
Amortization	2,369	12,809	15,178	2,979	11,281	14,260

The Articles of Association of the Company stipulates that if there is a surplus in the year, the employees' compensation and directors' and supervisor's remuneration will be paid at the rate of 3% to 5% and no more than 3% of the pre-tax profit before distribution of employees' compensation and directors' and supervisors' remuneration. The aforementioned employee compensation percentage should include at least one percent allocated to frontline employees. However, when the Company has accumulated losses, it should cover the deficit first.

The Company accrued profit-sharing bonus to employees based on a percentage of net income before income tax, profit-sharing bonus to employees and compensation to directors/supervisors during the period, which amounted to \$375,447 thousand and \$187,723 thousand in 2025, and amounted to \$227,137 thousand and \$113,569 thousand in 2024. Compensation to employees and

directors/supervisors was expensed based on estimated amount payable. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The Board of Directors of the Company held on March 13, 2026 approved the profit-sharing bonus to employees and compensation to directors/supervisors in the amounts of \$375,447 thousand and \$187,723 thousand in cash for 2025. There is no difference between the aforementioned approved amounts and the recognized amounts of 2025. The Board of Directors of the Company held on March 14, 2025 approved the profit-sharing bonus to employees and compensation to directors/supervisors in the amounts of \$227,137 thousand and \$113,569 thousand in cash for 2024. There is no difference between the aforementioned approved amounts and the recognized amounts of 2024.

The information on the earnings appropriation as resolved by the board of directors and approved by the shareholders' meeting is available at the "Market Observation Post System" of the Taiwan Stock Exchange.

Employee Stock Option Plan in Cash Capital Increase

The Group has the following share-based payment transactions :

	Cash capital increase reserved for employee subscription	
	RSEA Engineering Corporation (privatized 2009)	The company
Grant date	March 25,2024	January 30,2024
Granted quantity	12,716 thousand shares	700 thousand shares
Grantees	Current Employees of the Subsidiary	Current employees of the parent company
Vesting	Immediately	Immediately
Conditions	vested	vested
Grant fair value	\$ 1.63	\$53.03

The company recognized a share-based payment employee compensation cost of \$37,121 thousand arising from the reserved employee stock subscription in the cash capital increase in 2024.

The Company's subsidiary, RSEA Engineering Corporation (privatized 2009), recognized share-based payment employee compensation costs arising from the reserved employee stock subscription of cash capital increase amounting to \$20,727 thousand for its current employees in 2024.

(29) Non-Operating Income and Expenses

(A) Interest income:

Items	For the Years Ended December 31,	
	2025	2024
Cash in bank	\$ 564,747	\$ 550,164
Others	1,036	2,603
Total	<u>\$ 565,783</u>	<u>\$ 552,767</u>

(B) Other income

Items	For the Years Ended December 31,	
	2025	2024
Rental income	55,165	55,642
Dividend income	34,120	33,001
Total	<u>\$ 89,285</u>	<u>\$ 88,643</u>

(C) Other gains and losses, net:

Items	For the Years Ended December 31,	
	2025	2024
Foreign exchange gain (loss)	\$ (194,339)	\$ (14,756)
Gain on Disposal of Investments	-	6,352
Gain (loss) from disposal of property, plant and equipment	-	652
Gain (Loss) from disposal of other non-current assets	-	(11)
Gain (Loss) on financial assets at fair value through profit and loss	1,345,432	10,109
Government grant	5,732	6,325
Others	48,608	50,839
Total	<u>\$ 1,205,433</u>	<u>\$ 59,510</u>

(D) Finance costs:

Items	For the Years Ended December 31,	
	2025	2024
Bank loan interest	\$ 37,087	\$ 23,947
Other loan interest	9,920	9,391
Corporate bond interest allocation	5,898	9,353
Short-term notes and bills payable interest	2,564	10,270
Lease liability interest	2,332	2,276
Other liabilities interest	21	8
Total	<u>\$ 57,822</u>	<u>\$ 55,245</u>

(30) Income Tax

(A) A reconciliation between tax expense and the product of accounting profit at applicable tax rate was as follows:

Items	For the Years Ended December 31,	
	2025	2024
Profit from continuing operations	\$ 11,858,687	\$ 7,270,807
Income tax expense at the statutory rate	\$ 2,691,734	\$ 1,719,927
Effect from items disallowed by tax regulation	(112,577)	(105,620)
Tax effect of deferred tax assets / liabilities	(89,978)	(137,625)
Deferred loss	21,139	7,546
Current income tax payable	2,510,318	1,484,228
Current income tax payable in prior years	12,931	(6,241)
Undistributed earnings subject to 5%	36,597	31,702
Current income tax expense	2,559,846	1,509,689
Deferred income tax expense (income)	83,004	137,625
Income tax expense	\$ 2,642,850	\$ 1,647,314

(B) Components of income tax expense (income) were as follows:

Items	For the Years Ended December 31,	
	2025	2024
Current income tax expense:		
Current income tax payable	\$ 2,510,318	\$ 1,484,228
Current income tax payable in prior years	12,931	(6,241)
Undistributed earnings subject to 5%	36,597	31,702
Deferred income tax expense :		
Deferred tax expense (income) relating to origination and reversal of temporary differences	89,978	137,625
Unrecognized deferred income tax expenses of period previous	(6,974)	-
Income tax expense	\$ 2,642,850	\$ 1,647,314

(C) Income tax recognized in other comprehensive income was as follows:

Items	For the Years Ended December 31,	
	2025	2024
Exchange differences on translation of foreign operations	\$ 58,634	\$ 51,933
Unrealized gain (loss) from available-for-sale financial assets	-	-
Cash flow hedges	-	-
Actuarial gain (loss) on defined benefit plans	(527)	1,801
Income tax relating to components of other comprehensive income	<u>\$ 58,107</u>	<u>\$ 53,734</u>

(D) Deferred income tax assets (liabilities) were as follows:

For the Year Ended December 31, 2025

Items	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Income and expense recognized in equity	Exchange differences on translation	Ending balance
Temporary difference:						
Inventory valuation and obsolescence losses	\$ 1,822	\$ -	\$ -	\$ -	\$ -	\$ 1,822
Foreign investment recognized under equity method	(616,554)	(223,086)	-	-	-	(839,640)
Impairment loss	6,955	-	-	-	-	6,955
Provision - repair warranty	104,327	37,971	-	-	-	142,298
Allowance for doubtful accounts	206,983	107,926	-	-	340	315,249
Accrued pension liability	5,254	-	527	-	-	5,781
Foreign exchange gains and losses	(10,667)	(21,183)	-	-	-	(31,850)
Exchange differences on translation of foreign operations	4,792	-	(58,634)	-	-	(53,842)
Engineering loss	1,356	14,905	-	-	901	17,162
No vacation bonus estimate	4,233	463	-	-	-	4,696
Deferred income tax (expense) income		<u>\$ (83,004)</u>	<u>\$ (58,107)</u>	<u>\$ -</u>	<u>\$ 1,241</u>	
Deferred income tax assets (liabilities), net	<u>\$ (291,499)</u>					<u>\$ (431,369)</u>
Expression of the information in the balance sheet:						
Deferred income tax assets	<u>\$ 348,326</u>					<u>\$ 497,996</u>
Deferred income tax liabilities	<u>\$ (639,825)</u>					<u>\$ (929,365)</u>

For the Year Ended December 31, 2024

Items	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Income and expense recognized in equity	Exchange differences on translation	Ending balance
Temporary difference:						
Inventory valuation and obsolescence losses	\$ 1,822	\$ -	\$ -	\$ -	\$ -	\$ 1,822
Foreign investment recognized under equity method	(433,848)	(182,706)	-	-	-	(616,554)
Impairment loss	6,955	-	-	-	-	6,955
Provision - repair warranty	79,226	25,101	-	-	-	104,327
Allowance for doubtful accounts	173,340	30,663	-	-	2,980	206,983
Accrued pension liability	7,055	-	(1,801)	-	-	5,254
Foreign exchange gains and losses	(7,668)	(2,999)	-	-	-	(10,667)
Exchange differences on translation of foreign operations	56,725	-	(51,933)	-	-	4,792
Engineering loss	10,116	(8,450)	-	-	(310)	1,356
No vacation bonus estimate	3,467	766	-	-	-	4,233
Deferred income tax (expense) income		<u>\$ (137,625)</u>	<u>\$ (53,734)</u>	<u>\$ -</u>	<u>\$ 2,670</u>	
Deferred income tax assets (liabilities), net	<u>\$ (102,810)</u>					<u>\$ (291,499)</u>
Expression of the information in the balance sheet:						
Deferred income tax assets	<u>\$ 297,812</u>					<u>\$ 348,326</u>
Deferred income tax liabilities	<u>\$ (400,622)</u>					<u>\$ (639,825)</u>

(E) The Company's and RSEA Engineering Corporation (privatized 2009)'s income tax returns for the years both through 2023 have been examined by the tax authority.

(F) Pillar Two Income Tax Act :

In November 2023, the Vietnamese government enacted the Pillar Two Income Tax Act, which took effect on January 1, 2024. Under this act, the Group is required to pay a top-up tax in Vietnam on the profits of its Vietnamese subsidiaries if their combined tax burden falls below the effective tax rate of 15%. As of December 31, 2025, the simplified effective tax rate of the Group's Vietnamese subsidiaries was higher than the threshold set by the Pillar Two Income Tax Act; therefore, there was no impact on the Group's current income tax.

(31) Earnings Per Share

	For the Year Ended December 31, 2025		
	Amount	Number of shares (thousand)	Earnings per share (NT\$)
Basic earnings per share:			
Net income available to common shareholders	\$ 7,144,970	234,211	\$ <u>30.51</u>
Assumed conversion of all dilutive potential ordinary shares:			
Employee's compensation (Note)	-	855	
Convertible bonds	<u>5,216</u>	<u>81</u>	
Net income available to shareholders (including effect of dilutive potential common shares)	<u>\$ 7,150,186</u>	<u>235,147</u>	<u>\$ 30.41</u>

	For the Year Ended December 31, 2024		
	Amount	Number of shares (thousand)	Earnings per share (NT\$)
Basic earnings per share:			
Net income available to common shareholders	\$ 4,335,508	231,473	\$ <u>18.73</u>
Assumed conversion of all dilutive potential ordinary shares:			
Employee's compensation (Note)	-	1,261	
Convertible bonds	<u>3,636</u>	<u>9,631</u>	
Net income available to shareholders (including effect of dilutive potential common shares)	<u>\$ 4,339,144</u>	<u>242,365</u>	<u>\$ 17.90</u>

Note : These bonuses were previously recorded as appropriations from earnings. If the Company may settle the bonus to employees by cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares should

be included in the weighted average number of outstanding shares used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date.

The dilutive effects of the potential shares needs to be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

(32) Supplemental Cash Flow Information

(A) The Company and subsidiaries increased “right-of-use assets” and “lease liability” both by \$54,104 thousand and \$78,180 thousand in 2025 and 2024, respectively.

(B) The Company and subsidiaries decreased “right-of-use assets” and “lease liability” both by \$3,450 thousand and \$0 thousand, respectively due to the revision of lease in 2025 and 2024.

(33) Reconciliation of Liabilities with Financing Activities

(A) Reconciliation information on liabilities in 2025:

Items	Beginning balance	Cash flow	Changes in non-cash items	Exchange rate changes	Ending balance
Short-term borrowings	\$ 537,175	\$ 989,217	\$ -	\$ 50,199	\$ 1,576,591
Short-term notes and bills payable	519,528	(170,000)	357	-	349,885
Bonds payable (including maturity within one year)	398,232	-	(385,754)	-	12,478
Long-term borrowings (including maturity within one year)	306,071	(5,972)	-	1,239	301,338
Other payables (finance loan)	27,072	-	-	(356)	26,716
Other payables - related parties (finance loan)	315,477	-	-	9,721	325,198
Guarantee deposits received	207,476	(24,574)	-	7	182,909
Lease liability (Including maturity within one year)	74,713	(46,146)	50,654	(335)	78,886

(B) Reconciliation information on liabilities in 2024:

Items	Beginning balance	Cash flow	Changes in non-cash items	Exchange rate changes	Ending balance
Short-term borrowings	\$ 1,441,379	\$ (922,824)	\$ -	\$ 18,620	\$ 537,175
Short-term notes and bills payable	599,233	(80,000)	295	-	519,528
Bonds payable	-	495,000	(96,768)	-	398,232
Long-term borrowings (including maturity within one year)	527,060	(229,662)	-	8,673	306,071
Other payables (finance loan)	26,116	-	-	956	27,072
Other payables - related parties (finance loan)	294,784	13,217	-	7,476	315,477
Guarantee deposits received	225,668	(18,263)	-	71	207,476
Lease liability (Including maturity within one year)	61,877	(66,497)	78,130	1,203	74,713

7. Significant Transactions with Related Parties

Transactions, account balances and revenue and expense between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note.

Transactions between the Group and other related parties were as follows:

(1) Related Parties and Relationship:

Related parties	Relationship
Sunshine Earth Inc.	Other related party
Chengdu Sunshine – Earth Landscape Engineering Co., Ltd.	Other related party
Suzhou Lanyang Consulting Co., Ltd.	Other related party
Suzhou Huaqun Consulting and Managent Co., Ltd.	Other related party
Suzhou Yali Consulting and Managent Co., Ltd.	Other related party
White Young Investment Co., Ltd.	The corporate directors of the Company
Shen Shen Investment Co., Ltd.	The corporate directors of the Company
Yao, Chu-Shiang	Chairman of the Company
Yao, Chih-Huai	First degree of kinship of the chairman of the Company
Yao, Chih-Wei	First degree of kinship of the chairman of the Company
Chen, Shu-Chen	Key Management of the Company
Lee, Fan-Jun	Directors of the Company's subsidiaries

St. John's University
Takenaka-L&K Joint Venture LLP

Same Chairman as The Company
Other related party

(2) Significant Transactions with Related Parties:

(A) Project cost :

	<u>For the Years Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Other related parties	\$ 19,968,231	\$ 997,535

The Company's project cost from related parties and non-related parties is based on general engineering contract or agreed conditions. In addition, there is no material difference in the Company's credit term between related parties and unrelated customers, which depends on the Company's engineering contract or individual agreed conditions.

(B) Operating Leases:

The Group's key management leased land and offices to the Group. The rent is paid monthly. For the years ended December 31, 2025 and 2024, \$2,400 thousand per year were recognized as rental expenses.

(C) Contract Assets - Current:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Real estate construction</u>		
Other related parties	\$ -	\$ 5,188

(D) Other receivables - Related Parties:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Other related parties	\$ 4,024	\$ -

(E) Prepayments:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Other related parties	\$ 974,420	\$ 5,707,952

(F) Accounts Payable - Related Parties:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Other related parties	\$ 2,313,166	\$ 999,657

(G) Other Payables - Related Parties (finance loan):

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Other related parties	\$ 325,198	\$ 315,477

(H) Guarantee deposits paid - Related Parties:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
The key management	\$ 500	\$ 500

(I) Long-term borrowings:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Other related parties	\$ 265,382	\$ 264,143

(J) Other Intercompany Debts:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Other related parties		
Other short-term borrowings	\$ 176,591	\$ 171,469

(K) Donation Expenses:

	<u>For the Years Ended December 31,</u>	
	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Other related parties	\$ 20,000	\$ 20,000

In order to implement the Company's multiple-value concepts, fulfill social responsibilities, strengthen human resources inheritance management and enhances market's competitiveness, starting from 2023, the Group planned to donate to other related parties for four consecutive years. The amount shall be no more than 5% of the pre-tax surplus of the previous year, and the total amount shall not exceed 20,000 thousand dollars.

(L) Remuneration Information of Directors, Supervisors and Key Management:

	<u>For the years ended December 31,</u>	
<u>Items</u>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 80,926	\$ 63,090
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	\$ 80,926	\$ 63,090

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

8. Pledged Assets

- (1) The Group offered the following assets as collateral of bank loans, performance bonds, retention bonds and convertible bonds:

Items	Dec. 31, 2025	Dec. 31, 2024
Restricted assets:		
Savings account	\$ 2,305,813	\$ 2,716,206
Time deposits	1,208,224	1,065,024
Property, plant, and equipment	139,379	141,821
Total	\$ 3,653,416	\$ 3,923,051

- (2) L&K Engineering (Suzhou) Co., Ltd. provided a carrying amount \$571,193 thousand of the share of RSEA Construction Engineering (Chongqing) Co., Ltd. as collateral for long-term borrowing on December 31, 2025.

9. Significant Contingent Liabilities and Unrecognized Commitments

- (1) As of December 31, 2025 and 2024, the Group entered into unfinished construction contracts of \$415,853,325 thousand and \$326,976,942 thousand respectively (recognized revenue and orders on hand included).
- (2) As of December 31, 2025 and 2024, the Group had guarantee notes payable for performance bonds, advance payment, warranty, and bid bonds of \$37,679,746 thousand and \$48,984,454 thousand, respectively.
- (3) As of December 31, 2025 and 2024, the Group had guarantee notes receivable for performance bonds and warranty of \$11,895,273 thousand and \$18,557,855 thousand, respectively.
- (4) As of December 31, 2025 and 2024, the Group had unused loan credits amounted to \$30,784,518 thousand and \$17,002,675 thousand, respectively.
- (5) As of December 31, 2025 and 2024, utilized endorsement and guarantee provided by banks for performance bonds and warranty were \$14,451,890 thousand and \$16,881,358 thousand, respectively.
- (6) As of December 31, 2025 and 2024, the Group's issued letters of credit were \$57,396 thousand and \$0, respectively.
- (7) CTCI Smart Engineering Corporation undertook the plumbing and environmental control EPC works under RSEA Engineering Corporation's Sanying Line Metro System Turnkey Project. CTCI subsequently claimed termination of the contract on the grounds of project delays and, during the course of the performance dispute litigation, unilaterally withdrew from the construction site. CTCI further

asserted that the scope of the contract does not include “pipe embedment operations” and “CSD/SEM drawings,” and therefore filed a lawsuit requesting payment of NT\$58,763 thousand. This case is currently under review by the Taipei District Court and awaiting trial.

- (8) RSEA Engineering Corporation undertook the Nanhua Reservoir Desilting Tunnel Project, for which the owner is the Southern Region Water Resources Office, Water Resources Agency, Ministry of Economic Affairs (hereinafter referred to as the “SRWRO”). During the construction period, multiple events not attributable to RSEA Engineering Corporation occurred, including seepage from the cofferdam affecting the construction of the intake, as well as an unexplained fire incident in the desilting tunnel and the subsequent restoration works. RSEA Engineering Corporation repeatedly requested extensions of the construction period from the owner in accordance with the contract during the construction period, and such events not attributable to RSEA Engineering Corporation should have been reviewed and approved for construction period extensions. However, upon final acceptance, the owner maintained that the construction period extensions requested by RSEA Engineering Corporation should be handled through dispute resolution or litigation in accordance with the contract, and provisionally imposed liquidated damages of approximately NT\$668 million based on the acceptance settlement certificate, subject to adjustment or refund upon the conclusion of dispute resolution (or litigation).

RSEA Engineering Corporation had already submitted a formal request for construction period extension in April 2021 during the acceptance stage, citing the aforementioned events not attributable to RSEA Engineering Corporation, and engaged in multiple communications with the SRWRO regarding the consequences arising from the failure to approve such extension. However, the SRWRO consistently stated that, with respect to the construction period extension, it had already responded to the contractor in accordance with the opinions of the project management unit, and that if the contractor still disputed the matter, it should submit a request pursuant to the contractual dispute provisions. Accordingly, pursuant to the contract, RSEA Engineering Corporation again issued a formal request on January 12, 2022, seeking resolution with the SRWRO in respect to the extension of the construction period, and at the same time claiming all consequential costs arising from such extension, including delay interest and extended site management costs. After obtaining a mediation recommendation letter from the Public Construction Commission of the Executive Yuan on March 2, 2023, the parties still failed to reach a consensus. RSEA Engineering Corporation therefore filed a lawsuit on April 26, 2023, which is currently pending before the Taiwan Tainan District Court (case 2023 Jian-Zi No. 34). The Taiwan Tainan District Court has issued a notice designating the Tainan Civil Engineers Association as the appraisal institution, and the case has now entered the appraisal procedures. At present, RSEA Engineering Corporation has only set aside a provision for losses based on a proportion of days that are more likely to be accepted in litigation practice. The Company will subsequently assess the potential amount of losses based on the actual developments during the court proceedings.

(9) In February 2023, L&K Suzhou filed a lawsuit with the Wuhan Intermediate People's Court regarding a construction contract dispute with Wuhan Tianma Micro-Electronics Co., Ltd. ("Tianma"). On July 15, 2018, L&K Suzhou and Tianma entered into the "Wuhan Tianma Gen 6 LTPS TFT-LCD and CF Production Project: Cleanroom Bid Lot 1 - M1 (ARRAY) Installation and Construction Contract," setting the contract price at RMB 181,319 thousand. Both parties signed a "Supplementary Agreement to the 'Wuhan Tianma Gen 6 LTPS TFT-LCD and CF Production Project: Cleanroom Bid Lot 1 - M1 (ARRAY) Installation and Construction Contract'" on January 26, 2020. This supplementary agreement increased the contract price by an additional RMB 17,190 thousand. In accordance with Tianma's requirements, L&K Suzhou carried out reinforcement, upgrades, and replacement works for the project, resulting in additional construction costs of RMB 7,290 thousand. L&K Suzhou completed the installation and construction on time, and the work has since been handed over to Tianma and is now in operation. Despite this, Tianma has failed to settle the outstanding construction costs without providing any justification. Multiple attempts by L&K Suzhou to recover the outstanding construction costs have yielded no results. As of the lawsuit filing date, Tianma still owed L&K Suzhou a total of RMB 66,871 thousand in construction costs, including outstanding amounts specified under both the "Wuhan Tianma Gen 6 LTPS TFT-LCD and CF Production Project: Cleanroom Bid Lot 1 - M1 (ARRAY) Installation and Construction Contract" and the "Supplementary Agreement," totaling RMB 59,580 thousand, and outstanding additional project construction costs of RMB 7,290 thousand. L&K Suzhou filed a lawsuit to protect its legitimate rights and interests. At the same time, Tianma filed a counterclaim at the Wuhan Intermediate People's Court, requesting the court to order L&K Suzhou to compensate Tianma for losses incurred, including liquidated damages and a lawyer's fee, totaling RMB 78,528 thousand. On February 6, 2024, the Wuhan Intermediate People's Court made a first-instance judgment with the following decisions: I. Tianma shall pay L&K Suzhou construction costs of RMB 63,237 thousand and the accrued interest; II. L&K Suzhou shall pay Tianma liquidated damages of RMB 2,000 thousand; after the first-instance judgment, L&K Suzhou and Tianma both filed an appeal. The case was concluded with a final and binding judgment rendered by the Hubei High People's Court on March 18, 2025, with the following decisions: I. Tianma must pay construction costs of RMB 24,852 thousand and the accrued interest; II. L&K Suzhou must pay Tianma liquidated damages of RMB 2,000 thousand; III. All other claims of L&K Suzhou and Tianma were dismissed.

(10) On March 7, 2017, Feng-Tian Construction Engineering Co., Ltd. requested the Company to pay construction costs of NT\$24,887 thousand, together with default interest calculated at an annual rate of 5% from the day following the service of the duplicate of the complaint to the date of settlement. This case is currently under review by the Taiwan Taipei District Court. Feng-Tian filed for a payment order with the Shilin District Court on January 2, 2020, requesting that the Company be ordered to pay the retention of NT\$4,392 thousand, together with default interest calculated at an annual rate of 5% from December 28, 2017 to the date of settlement. The Company filed an objection with the court on January 9, 2020. On April 11, 2025, the Company received the court's judgment against it, and L&K Engineering filed an appeal in accordance with the law. On June 25, 2025, the Company received notice

from the court that both parties were willing to pursue mediation. Following the mediation hearing on September 18, 2025, no settlement was reached, and the case reverted to litigation proceedings. The case is currently under review by the Taiwan High Court.

- (11) Hung Bao Engineering Co., Ltd. undertook the Company's projects "TSMC F15 P7 MEP Package - Firefighting Machine Room Environmental Control System Works" and "TSMC F15P7 FAB B3G-B1F Sprinkler Piping (Including Hydrant Boxes) Installation Works." There were contract breaches, such as an insufficient number of workers and early withdrawal from the site without reason, causing damage to the Company, including the need to hire substitute workers for the projects. Therefore, the Company set off such damages against the payments for the works completed by Hung Bao, as well as against the claims against Hung Bao assigned to the Company by RSEA Engineering Corporation in relation to the Kaohsiung Station project. Afterwards, on March 18, 2021, Hung Bao filed a lawsuit with the Taiwan Shilin District Court, requesting that the Company pay construction costs of NT\$5,000 thousand. However, because Hung Bao's affiliated company is currently undertaking the Company's works for the Kaohsiung Station project, there is still a possibility for both parties to settle. Accordingly, the Company's director and Hung Bao's responsible person are currently engaged in private settlement negotiations, and the court has separately ruled to refer the matter to mediation. However, at the mediation session on August 2, 2023, the parties failed to reach a consensus on the settlement items and quantities. Following the mediation, the Company, after consulting with its appointed counsel, submitted a written statement to the court on August 16, 2023, indicating that it would not proceed with mediation and that the matter should revert to litigation proceedings. On January 8, 2025, Hung Bao expressed its intention to reach a settlement with the Company; however, after internal discussions, the Company did not agree to mediation, and the litigation therefore continued. On December 24, 2025, in connection with the second-instance mediation of the Kaohsiung Station Hung Bao case, both parties agreed that RSEA Engineering Corporation would pay Hung Bao NT\$5,000 thousand to achieve a global settlement of both this case and the TSMC project litigation involving L&K Engineering, and this case was thereby concluded.

10. Significant Loss from Natural Disaster: None.

11. Significant Subsequent Events:

- (1) Purchase of 15 pieces of land and buildings, including Plot No. 800, 804, 806-1, and 812 in subsection 1, in Chengzhong section of Zhongzheng District, Taipei City, from Jun fu International Development Co., Ltd. amounting to 602,800 thousands was resolved in the board of directors' meeting of the Company held on January 16, 2026. Registration of change was completed on early 2026.
- (2) Purchase of 4 pieces of land and buildings, including Plot No. 822, in Chengzhong section subsection 1 of Zhongzheng District, Taipei City, from Jun fu International Development Co., Ltd. was resolved in the board of directors' meeting of RSEA Engineering Corporation held in 2026. In order to qualify as an implementer of the urban renewal project, acquiring 100% equity of Jun fu International Development

Co., Ltd. was resolved in the board of directors' meeting and extraordinary meeting of shareholders of RSEA Engineering Corporation held in 2026. Registration of ownership transfer of the aforementioned land and buildings was completed in early 2026. The process of the share transfer is expected to be completed in the second quarter of 2026.

12. Others

(1) Capital Management

The Group manages its capital to ensure its ability to continue as a going concern while maximizing the returns to shareholders. The Group has maintained a consistent policy for the year 2025.

The capital structure of the Group consists of the Company's equity attributable to the shareholders (including capital, capital surplus, retained earnings, and other equities).

The Group is not subject to any externally imposed capital requirements.

The Group periodically reviews its capital structure by taking into consideration macroeconomic conditions, prevailing interest rate, and adequacy of cash flows generated from operations. As the situation would allow, the Group pays dividends, issues new shares, repurchases shares, issues new convertible bonds, and redeems convertible bonds to adjust its capital structure.

(2) Financial Instruments

(A) Fair value of financial instruments:

(a) The management considers that the carrying amounts of financial assets and financial liabilities with unmeasurable fair value approximate their fair value or the fair value are not measured reliably.

(b) Fair value measurements recognized in the consolidated balance sheets:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) Financial instruments measured at fair value:

December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss - domestic listed stocks	<u>\$ 269,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,811</u>
Financial assets at fair value through profit or loss – call and put options	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>
Financial assets at fair value through profit or loss - Convertible bond	<u>\$ 19,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,720</u>
Financial assets at fair value through profit or loss - noncurrent	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,554,762</u>	<u>\$ 1,554,762</u>
Financial assets at fair value through other comprehensive income - noncurrent	<u>\$ 952,315</u>	<u>\$ -</u>	<u>\$ 155,125</u>	<u>\$ 1,107,440</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss - domestic listed stocks	<u>\$ 204,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,318</u>
Financial assets at fair value through profit or loss – call and put options	<u>\$ -</u>	<u>\$ 1,757</u>	<u>\$ -</u>	<u>\$ 1,757</u>
Financial assets at fair value through profit or loss - Convertible bond	<u>\$ 19,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,860</u>
Financial assets at fair value through profit or loss - noncurrent	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,945</u>	<u>\$ 145,945</u>
Financial assets at fair value through other comprehensive income - noncurrent	<u>\$ -</u>	<u>\$ 689,122</u>	<u>\$ 156,607</u>	<u>\$ 845,729</u>

There was a transfer from Level 2 to level 1 in fair value measurement during the year ended December 31, 2025 because the privately-placed shares of a listed company, held by the Group, was converted to public issuance.

There was no transfer between Level 1 and 2 for the year ended December 31, 2024.

(d) Valuation techniques and assumptions applied for the purposes of measuring fair value:

The fair values of financial assets and financial liabilities are determined as follows:

- (i) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed stocks, emerging market stocks, convertible bonds, and open-end mutual

funds). If such prices are not available, valuation techniques are adopted. Estimates and assumptions used in valuation techniques are consistent with the information used by market participants in determining the prices of financial instruments.

- (ii) The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Valuation methods incorporate assumptions that marketplace participants would use in their estimates of fair value whenever that information is available without undue cost and effort.
- (e) The changes in Financial assets at fair value through other comprehensive income - noncurrent equity instruments without public quotation level 3 were as follow:

	For the Years Ended December 31,	
	2025	2024
Beginning balance	\$ 302,552	\$ 241,451
Recognized in other comprehensive gains and losses	1,316,955	57,111
Obtained in this period	89,960	-
Effect of exchange rate changes	420	3,990
Ending balance	<u>\$ 1,709,887</u>	<u>\$ 302,552</u>

(f) The quantitative analysis of the significant unobservable inputs of the evaluation model used in the level 3 fair value measurement project and the sensitivity analysis of significant unobservable inputs are as follows:

Non-derivative equity instruments	Dec.31,2025 Fair value	Evaluation technique	Major unobservable input value	Interval (weighted average)	Input value and fair value relationship
Unlisted company stock	\$ 1,709,887	Net asset value method	Not applicable	-	Not applicable
Unlisted company stock		Can be compared to the listed companies	<ul style="list-style-type: none"> ●Net market value multiplier ●Lack of market liquidity discount 	-	<ul style="list-style-type: none"> ●The higher the multiplier, the higher the fair value ●Lack of market circulation, the higher the discount, the lower the fair value
	\$ -				
Non-derivative equity instruments	Dec.31,2024 Fair value	Evaluation technique	Major unobservable input value	Interval (weighted average)	Input value and fair value relationship
Unlisted company stock	\$ 302,552	Net asset value method	Not applicable	-	Not applicable
Unlisted company stock		Can be compared to the listed companies	<ul style="list-style-type: none"> ●Net market value multiplier ●Lack of market liquidity discount 	-	<ul style="list-style-type: none"> ●The higher the multiplier, the higher the fair value ●Lack of market circulation, the higher the discount, the lower the fair value
	\$ -				

(g) For the level 3 of fair value measurement, the sensitivity of fair value to reasonable possible alternative assumptions is reasonable. The fair value measurement of financial instruments is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For financial instruments classified as Level 3, if the evaluation parameters change, the impact on other comprehensive gains and losses in the current period is as follows:

		December 31, 2025		
Input value	Change up or down	Favorable change	Unfavorable change	
Financial assets - equity instruments	Net asset value method	±10%	\$ 170,989	\$ (170,989)
	Net market value multiplier	±10%	\$ -	\$ -
	Liquidity discount	±10%	\$ -	\$ -

		December 31, 2024		
Input value	Change up or down	Favorable change	Unfavorable change	
Financial assets - equity instruments	Net asset value method	±10%	\$ 30,255	\$ (30,255)
	Net market value multiplier	±10%	\$ -	\$ -
	Liquidity discount	±10%	\$ -	\$ -

(B) Categories of financial instruments:

	Dec. 31, 2025	Dec. 31, 2024
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 1,844,296	\$ 371,880
Financial assets at fair value through other comprehensive income - noncurrent	1,107,440	845,729
Financial assets valued by amortized cost:		
Cash and cash equivalents	43,537,242	23,347,966
Accounts receivable	7,800,202	4,870,050
Contract assets - current	5,716,244	4,210,154
Other financial assets	4,453,653	4,630,940
Total	<u>\$ 64,459,077</u>	<u>\$ 38,276,719</u>

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Financial liabilities</u>		
Financial liabilities valued by amortized cost:		
Short-term borrowings, notes, and bills		
payable	\$ 1,926,476	\$ 1,056,703
Bonds payable	12,478	398,232
Accounts payables	24,430,986	17,200,180
Long-term borrowings	301,338	306,071
Lease liability	78,886	74,713
Total	<u>\$ 26,750,164</u>	<u>\$ 19,035,899</u>

(3) Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The aforementioned risk identification, measurement and management are in accordance with the Group's policy and risk preference.

The plans for material treasury activities are reviewed by audit committees and/or board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, corporate treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

(A) Market risk

(a) Foreign currency risk

The Group's businesses involve some non-functional currency operations. The Company's and certain subsidiaries' functional currency is NTD; other certain subsidiaries' functional currencies are USD and RMB. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations was as follows:

	<u>December 31, 2025</u>		
	<u>Foreign currency amount (In thousands)</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 283,843	31.430	\$ 8,921,185
RMB : NTD	210,315	4.498	945,997
SGD : NTD	4,931	24.448	120,553

December 31, 2025			
	Foreign currency amount (In thousands)	Exchange rate	Book value
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 30,255	31.430	\$ 950,915
RMB : NTD	87,587	4.498	393,966

December 31, 2024			
	Foreign currency amount (In thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 204,589	32.790	\$ 6,708,473
RMB : NTD	21,343	4.477	95,553
SGD : NTD	3,700	24.117	89,233

<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 61,133	32.790	\$ 2,004,551
RMB : NTD	69,067	4.477	309,213

For the Year Ended December 31, 2025				
	Change margin		Impact of profit and loss	Impact of comprehensive profit and loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	89,212	\$ -
RMB : NTD	1%		9,460	-
SGD : NTD	1%		1,206	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	9,509	\$ -
RMB : NTD	1%		3,940	-

	For the Year Ended December 31, 2024		
	Change margin	Impact of profit and loss	Impact of comprehensive profit and loss
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 67,085	\$ -
RMB : NTD	1%	956	-
SGD : NTD	1%	891	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 20,046	\$ -
RMB : NTD	1%	3,092	-

The Group's management think the sensitivity analysis cannot represent inherent risks of foreign exchange rate, because foreign exchange rate change risk at the balance sheet date cannot reflect the risk during the year. Foreign exchange gain/loss of the Group were \$(194,339) thousand and \$(14,756) thousand for the years ended December 31, 2025 and 2024, respectively.

(b) Equity Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as fair value through profit or loss or at fair value through other comprehensive income. The Group will diversify investment portfolio to control the risk.

The Group is exposed to equity securities price risk because of investments at fair value through profit or loss and those at for value through other comprehensive income in balance sheet. The Group will diversify investment portfolio to control the risk. The Group invests primarily in publicly-traded and private equity instruments, convertible corporate bond and the price of those equity instruments will be affected by the uncertainty of future value of the investment. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$2,895 thousand and \$2,241 thousand because of gains/losses on equity securities classified as at fair value through profit or loss, other comprehensive gains/losses increased/decreased by \$11,074 thousand and \$8,457 thousand, respectively.

(c) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rate.

Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2025 and 2024, the Group's long-term borrowings were issued at variable rates, denominated in NTD and USD.

On December 31, 2025 and 2024, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have been increased/decreased by \$2,411 thousand and \$2,449 thousand.

(B) Credit risk

The Group's primary inherent credit risk arises from financial instruments related to cash and receivables. The Group's cash is deposited with various financial institutions. The Group administers its credit risk exposure to each financial institution and considers that cash are not subject to significant concentration of credit risk.

In order to minimize credit risk, the Group evaluates the financial conditions of its customers and when necessary, requests for collateral or guarantee. The Group also evaluates the collectabilities of its receivables on a regular basis and provide allowance accounts. Expected credit impairment loss has been within management's estimate.

As of December 31, 2025 and 2024 the Group's ten largest customers accounted for 89.31% and 93.29% of accounts receivable, respectively.

(C) Liquidity risk

The Group maintains financial flexibility by cash, cash equivalents, and bank borrowing. The following table sets forth the Group's liquidity analysis for its non-derivative financial instruments. The table is based on the undiscounted contractual cash outflows assuming the earliest maturity date.

Non-derivative financial tool	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
<u>December 31, 2025</u>					
Short-term borrowings (including short-term notes and bills payable)	\$ 1,926,476	\$ -	\$ -	\$ -	\$ 1,926,476
Accounts payable	24,430,986	-	-	-	24,430,986
Bonds payable	12,800	-	-	-	12,800
Long-term borrowings	6,109	6,864	20,591	269,386	302,950
Lease liability	37,892	24,759	18,816	-	81,467

Non-derivative financial tool	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
<u>December 31, 2024</u>					
Short-term borrowings (including short-term notes and bills payable)	\$ 1,056,703	\$ -	\$ -	\$ -	\$ 1,056,703
Accounts payable	17,200,180	-	-	-	17,200,180
Bonds payable	-	-	418,400	-	418,400
Long-term borrowings	5,972	6,864	20,591	275,010	308,437
Lease liability	32,520	24,910	19,251	847	77,528

13. **Additional Disclosures**

(1) **Information on significant transactions:**

- (A) Lending funds to others: Please see Table A attached.
- (B) Providing endorsements or guarantees for others: Please see Table B attached.
- (C) Holding of securities at the end of the period: Please see Table C attached.
- (D) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more: Please see Table D attached.
- (E) Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more: Please see Table E attached.
- (F) Trading in derivative instruments: Please refer to Note 12.
- (G) Business relationship between the parent company and its subsidiaries and important dealings circumstances and amount: Please see Table F attached.

(2) **Information on investees:** Please see Table G attached.

(3) **Information on investments in the Mainland China:**

- (A) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table H attached.
- (B) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table F and Table H attached.

Table A : Lending funds to others

Unit: thousands of NTD(RMB)

No. (Note 1)	Financing Company	Counter - party	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (RMB in Thousands) (Note 3&9)	Ending Balance (RMB in Thousands) (Note 8&9)	Amount Actually Drawn (RMB in Thousands) (Note 9)	Interes t Rate	Nature for Financ - ing (Note 4)	Total Transsac - tion Amount (Note 5)	Reason for Financin g (Note 6)	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 7&9)	Financing Company's Total Financing Amount Limits (Note 7&9)	Notes
													Item	Value			
1	Unique Grand Limited	Sunshine (China) Inc.	Other receivable - related parties	Yes	\$ 702,682 (RMB 156,221)	\$ 702,682 (RMB 156,221)	\$ 702,682 (RMB 156,221)	3.5%	2	\$ -	Operating turnover	\$ -	None	\$ -	\$830,055	\$830,055	(Note10)
2	Sunshine (China) Inc.	Sunshine Investment Co., Ltd.	Other receivable - related parties	Yes	\$ 642,408 (RMB 142,821)	\$ 642,408 (RMB 142,821)	\$ 642,408 (RMB 142,821)	3.5%~ 4.75%	2	\$ -	Operating turnover	\$ -	None	\$ -	\$816,517	\$816,517	(Note10)

Note 1: The number means:

(1) The securities issuer is coded "0".

(2) The subsidiaries are coded in order starting from "1".

Note 2: Accounts receivable from related parties, other receivables from related parties, shareholder loans, prepayments, temporary payments, etc.

Note 3: The highest balance with others in this year.

Note 4: The code represents the nature of financing activities as follow:

(1) Trading partners.

(2) Short-term financing.

Note 5: Total transaction amount refers to the business trading value between the borrower and lender in this year.

Note 6: Reason for financing refers to the purpose for short-term financing.

Note 7: The maximum amount for individual enterprise is 40% of the lender's networth as disclosed in the latest financial statement. The maximum amount for total loan is 40% of the lender's networth as disclosed in the

latest financial statements. If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the Company, the limit is 50% of the lender's net worth as disclosed in the latest financial statement.

Note 8: The ending balance for the period represents the amounts approved by the Board of Directors.

Note 9: The above amounts were translated into New Taiwan dollars at the exchange rate of December 31, 2025.

Note 10: It was eliminated in the consolidated financial statement.

Table B : Providing endorsements or guarantees for others

Unit : thousands of NTD(USD/RMB)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period (USD and RMB in Thousands) (Note 5)	Ending Balance USD and RMB in Thousands) (Note 5)	Amount Actually Drawn (Note 5)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Remark
		Name	Nature of Relationship											
0	L&K Engineering Co., Ltd.	L&K Engineering Vietnam Co., Ltd.	Note 2 (2)	\$ 19,463,937 (Note 3)	\$ 25,458 (USD810)	\$ 25,458 (USD 810)	\$ -	\$ -	0.13%	\$38,927,874 (Note 3)	Y			Note 9
0	"	RSEA Engineering Corporation (privatized 2009)	Note 2 (2)	19,463,937 (Note 3)	1,863,000 (Note 4)	1,863,000 (Note 4)	1,226,127	-	9.57%	38,927,874 (Note 3)	Y			Note 9
1	L&K Engineering (Suzhou) Co., Ltd.	L&K Engineering Company Limited	Note 2 (2)	10,456,529 (Note 8)	112,450 (RMB25,000)	112,450 (RMB25,000)	-	-	1.08%	20,913,060 (Note 7&8)				Note 9

Note 1: The number means:

- (1) The securities issuer is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: The guarantee amount provided by the Company to a single guaranteed party shall not exceed one hundred percent (100%) of the net worth of L&K Engineering Co., Ltd. The ceiling for total guaranteed amount provided by the Company shall not exceed two hundred percent (200%) of the net worth of L&K Engineering Co., Ltd. The guarantee amount provided by the Company and subsidiaries to a single guaranteed party shall not exceed one hundred percent (150%) of the net worth of L&K Engineering Co., Ltd. The ceiling for total guaranteed amount provided by the Company and subsidiaries shall not exceed two hundred percent (200%) of the net worth of L&K Engineering Co., Ltd. The net worth is based the latest audited or reviewed financial statements.

Note 4: As of December 31, 2025, L&K Engineering Co., Ltd. has endorsed secured promissory note of \$ 1,863,000 thousand for RSEA Engineering Corporation (privatized 2009) for operating needs.

Note 5: The above amounts were translated into New Taiwan dollars at the exchange rate of December 31, 2025.

Note 6: For guarantee provided by parent company, guarantee provided by a subsidiary, and guarantee provided to subsidiaries in mainland China, filled in Y.

Note 7: The amount is based on net worth of the endorsement/guarantee provider.

Note 8: The maximum endorsement/ guarantee amount policy of L&K Engineering (Suzhou) Co., Ltd. is the same with the Company.

Note 9: It was eliminated in the consolidated financial statement.

Table C: Holding of securities at the end of the period

Unit: thousands of NTD

Holding Company Name	Marketable Securities Type	Marketable Securities Name	Relationship with the Company	Financial Statement Account	Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	Remark
L&K Engineering Co., Ltd.	Listed stock	United Microelectronics Corporation	None	Financial assets at fair value through profit or loss	4,550	\$ 224,072	-	\$ 224,072	
"	"	Hua Nan Financial Holdings Co., Ltd.	"	"	326	10,121	-	10,121	
"	"	King Yuan Electronics Co., Ltd.	"	"	120	29,700	-	29,700	
"	"	Macronix International Co., Ltd.	"	"	150	5,918	-	5,918	
"	Unlisted stock	A2peak Power Co., Limited	"	"	2,000	-	5.44%	-	
"	Corporate bond	Convertible bond redemption / Putable Bond	"	"	-	3	-	3	
"	Corporate bond	TCC Group Holdings Co., Ltd.- Convertible bond	"	"	200	19,720	-	19,720	
						\$ 289,534			
"	Limited partnership	Takenaka-L&K Joint Venture LLP	None	Financial assets at fair value through profit or loss - non current	-	\$ 1,368,342	30.00%	\$ 1,368,342	
RSEA Construction Engineering (Chongqing) Co., Ltd.	"	Xiamen United Phase III Integrated Circuit Industry Equity Investment Fund Partnership	"	"	-	96,861	3.96%	96,861	
L&K Engineering (Suzhou) Co., Ltd.	"	Xiamen United Phase IV Integrated Circuit Industry Equity Investment Fund Partnership	"	"	-	89,559	3.83%	89,559	
						\$ 1,554,762			

Holding Company Name	Marketable Securities Type	Marketable Securities Name	Relationship with the Company	Financial Statement Account	Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	Remark
L&K Engineering Co., Ltd.	Unlisted stock	Bestample Investments Limited	None	Financial assets at fair value through other comprehensive income	-	\$ 146,638	15.00%	\$ 146,638	
"	"	United BioPharma Inc.	"	"	806	-	0.42%	-	
"	"	ProMOS TECHNOLOGIES Inc.	"	"	507	8,487	1.13%	8,487	
"	Listed stock	Cica-Huntek Chemical Technology Taiwan Co., Ltd.	"	"	2,500	727,500	6.73%	727,500	
"	"	Pharma Essentia Corporation	"	"	444	208,835	0.11%	208,835	
"	"	Meribank Biotech Co., Ltd.	"	"	1,000	15,980	1.04%	15,980	
						\$ 1,107,440			

Table D: Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more

Unit: thousands of NTD

Purchases and sales company	Counterparty	Relationships with the counterparty	Transaction situation				Circumstances and reasons why trading conditions are different from ordinary trading		Notes and accounts receivable (paid)		Remark
			Purchase and sale	Amount	Percentage of total purchases and sales	Credit period	Unit price	Credit period	Balance	Percentage of total bills and accounts receivable (paid)	
L&K Engineering Co., Ltd.	RSEA Engineering Corporation (privatized 2009)	Subsidiary	Sales	\$(1,147,305)	(2.97%)	30 days	\$ -	-	\$ 16,222	0.37%	Note 1
L&K Engineering Co., Ltd.	Takenaka-L&K Joint Venture LLP	Substantive related party	Purchases	19,968,231	60%	30 days	-	-	(2,312,974)	(36.88%)	
L&K Engineering Co., Ltd.	L&K-LCB Joint Venture LLP	Subsidiary	Purchases	5,351,750	16%	30 days	-	-	(1,230,188)	(19.62%)	Note 1

Note 1: Eliminated in the consolidated financial statements.

Table E: Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more

Unit: thousands of NTD(RMB)

Creditor	Counterparty	Relationships with the counterparty	Balance as at December 31,2025		Turnover rate	Overdue receivables		Amount collected subsequent to the balance date	Allowance of doubtful account	Remark
			Characteristic	Amount		Amount	Action taken			
Unique Grand Limited	Sunshine (China) Inc.	Subsidiary	Other receivables	\$ 702,682 (RMB156,221)	-	\$ -	-	\$ -	\$ -	Note
Sunshine (China) Inc.	Sunshine Investment Co., Ltd.	Subsidiary	Other receivables	642,408 (RMB142,821)	-	-	-	-	-	Note

Note : It was eliminated in the consolidated financial statement.

Table F: Intercompany relationships and significant intercompany transactions

Unit: thousands of NTD

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Operating Income or Total Assets (Note 3)
0	L&K Engineering Co., Ltd.	RSEA Engineering Corporation (privatized 2009)	(1)	Contract assets	\$ 371,598	Note 4	0.45%
0	L&K Engineering Co., Ltd.	RSEA Engineering Corporation (privatized 2009)	(1)	Contract liabilities	4,870	Note 4	0.01%
0	L&K Engineering Co., Ltd.	RSEA Engineering Corporation (privatized 2009)	(1)	Accounts receivable	16,222	Note 4	0.02%
0	L&K Engineering Co., Ltd.	RSEA Engineering Corporation (privatized 2009)	(1)	Construction income	1,147,305	Note 4	1.48%
0	L&K Engineering Co., Ltd.	RSEA Engineering Corporation (privatized 2009)	(1)	Accounts payable	447	Note 4	-
0	L&K Engineering Co., Ltd.	L&K-LCB Joint Venture LLP	(1)	Prepayments	3,108,970	Note 4	3.73%
0	L&K Engineering Co., Ltd.	L&K-LCB Joint Venture LLP	(1)	Accounts payable	1,230,188	Note 4	1.48%
1	Unique Grand Limited	Sunshine (China) Inc.	(3)	Other receivables	702,682	Note 4	0.84%
2	Sunshine (China) Inc.	Sunshine Investment Co., Ltd.	(3)	Other receivables	642,408	Note 4	0.77%
3	RSEA Construction Engineering (Chongqing) Co., Ltd.	Sunshine Investment Co., Ltd.	(3)	Construction income	11,042	Note 4	0.01%
4	RSEA Engineering Corporation (privatized 2009)	L&K Engineering Co., Ltd.	(2)	Construction income	10,034	Note 4	0.01%
5	L&K-LCB Joint Venture LLP	L&K Engineering Co., Ltd.	(2)	Construction income	5,351,750	Note 4	6.91%

Note 1: The transaction information of the Company and the consolidated subsidiaries should be noted in column “No.”. The number means:

(1) Parent company is “0”.

(2) The subsidiaries are numbered in order starting from “1”.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated operating income or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated operating income for income statement accounts.

Note 4: The sales prices and payment terms of intercompany transactions were not significantly different from those to third parties. For other intercompany transactions, terms were determined in accordance with mutual agreements.

Table G: Information on investees (Not including investees in Mainland China)

Unit: thousands of NTD(USD/RMB/SGD)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Losses) of the Investee (Foreign Currencies in Thousands)	Equity in the Earnings (Losses) (Foreign Currencies in Thousands)	Remark
				December 31, 2025 (Foreign Currencies in Thousands) (Note 1)	December 31, 2024 (Foreign Currencies in Thousands)	Shares (In Thousands)	Percentage of Ownership	Carrying Value (Foreign Currencies in Thousands) (Note 1)			
L&K Engineering Co., Ltd.	RSEA Engineering Corporation (privatized 2009)	13 F, No.175, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City 221, Taiwan	Note 2	\$ 4,028,475	\$ 4,028,475	413,179	82.64%	\$ 5,205,226	\$ 619,490	\$ 511,921	Note 8
"	L&K Engineering Co., Ltd. (BVI)	Tortola, British Virgin Islands	Investment Company	1,615	1,615	-	100%	695,428	29,071 (USD 905)	29,071 (USD 905)	Note 8
"	Unique Grand Limited	Wanchai, HK	Holding Company	1,821,916	1,821,916	-	49.80%	1,033,419	(50,731) (USD(1,580))	(26,152) (USD(787))	Note 8
"	L&K ENGINEERING PTE.LTD.	Singapore	Note 7	479,020	-	20,000	100%	488,978 (SGD 20,001)	18 (SGD 1)	18 (SGD 1)	Note 8
"	L&K-LCB Joint Venture LLP	Singapore	Note 3	-	-	-	70%	529,858 (SGD 21,673)	751,815 (SGD 30,961)	526,271 (SGD 21,673)	Note 8
"	Formosa Medical Devices Inc.	16F, No.182, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	Note 4	49,036	49,036	4,904	40.88%	-	-	-	
L&K Engineering (Suzhou) Co., Ltd.	L&K Engineering Company Limited	Wanchai, HK	Note 5	62,248 (RMB13,839)	61,957 (RMB 13,839)	-	100%	184,094 (RMB 40,928)	(31,396) (RMB (6,996))	(31,396) (RMB (6,996))	Note 8
"	LIMK ENGINEERING PTE.LTD.	Singapore	Note 3	1,222 (SGD50)	-	1	100%	975 (SGD 40)	(247) (SGD (10))	(247) (SGD (10))	Note 8
L&K Engineering Company Limited	L&K Engineering Vietnam Co., Ltd.	Binh Thanh, Ho Chi Minh City, Vietnam	Note 3	80,147 (USD 2,550)	83,615 (USD 2,550)	-	51%	62,677 (USD 1,994)	(61,847) (USD(1,926))	(31,542) (USD (982))	Note 8

Note 1 : The above amounts were translated into New Taiwan dollars at the exchange rate of December 31, 2025.

Note 2 : Metal architectural components manufacturing, machinery and equipment manufacturing, cybernation equipment construction, machinery installation construction, integrated construction, public works construction and investment, and all business items that are not prohibited or restricted by law, except those that are subject to special approval.

Note 3 : Engaged in engineering, purchase, construction, and related business.

Note 4 : Engaged in medical equipment wholesale and retail.

Note 5 : Engaged in the business of imports and exports, customer development and after-sales services.

Note 6 : Engaged in management, investment consulting, computer software and internet certification service.

Note 7 : Engaged in the installation of pipeline, heating and air conditioning systems.

Note 8 : It was eliminated in the consolidated financial statement.

Table H : Information on the investees in Mainland China

Unit: thousands of NTD(USD/RMB)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net Income (Losses) of the Investee	Percentage of Ownership	Share of Profit /Losses (Note 3)	Carrying Amount as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025
					Outflow	Inflow						
L&K Engineering (Suzhou) Co., Ltd.	Note 5	\$ 959,693 (RMB213,360)	(a)	\$ 490,905 (USD15,619)	\$ -	\$ -	\$ 490,905 (USD15,619)	\$ 3,896,473	53.99%	\$ 2,103,832 (RMB468,821) (b)	\$ 5,647,860 (RMB1,255,185)	\$ 2,431,151
Suzhou Xiang Sheng Trade Company Ltd.	Note 6	89,960 (RMB20,000)	(c)	Note 11	-	-	Note 11	(907)	53.99%	(490) (RMB109) (B)	94,174 (RMB20,937)	-
Suzhou Xiangxin Fire-Fighting Engineering Co., Ltd.	Note 7	-	(c)	Note 11	-	-	Note 11	131	53.99%	71 (RMB16) (B)	-	-
RSEA Construction Engineering (Chongqing) Co., Ltd.	Note 8	580,764 (USD18,478)	(c)	195,275 (USD6,213)	-	-	195,275 (USD6,213)	(23,596)	53.99% Note 15	(12,740) (RMB(2,839)) (B)	308,406 (RMB68,565)	-
Sunshine (China) Inc.	Note 9	3,136,714 (USD99,800)	(b)	1,643,789 (USD52,300)	-	-	1,643,789 (USD52,300)	(60,020)	49.80% Note 12	(29,890) (USD(931)) (B)	813,251 (USD25,875)	-
Sunshine Investment Co., Ltd.	Note 10	2,527,066 (RMB561,820)	(c)	Note 13	-	-	Note 13	(41,022)	49.80%	(20,429) (RMB(4,550)) (B)	912,948 (RMB202,967)	-

Investor Company	Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
L & K Engineering Co., Ltd.	\$ 2,476,527 (USD78,795) (Note 1&14&15)	\$ 2,449,906 (USD77,948) (Note 1&14)	(Note 4)

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of December 31, 2025.

Note 2: (a) L&K Engineering Co., Ltd. directly invested.

(b) L&K Engineering Co., Ltd. indirectly invested in China company through a third region.

(c) Other

Note 3: (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

(a) The financial statements that were audited and attested by an international accounting firm which has cooperative relationship with an accounting firm in R.O.C.

(b) The financial statements were audited by the same CPA as L&K Engineering Co., Ltd.

(c) Other

Note 4: The Company complies with the operating document of the operating headquarters issued by Ministry of Economic Affairs, so there is no investment limit.

Note 5: Engaged in the business of manufacturing and sales of air conditioners, ceilings, and compartments.

Note 6: Providing service of environmental sanitation, anti-pollution, constructional contract, and management consultation.

Note 7: Fire engineering construction, fire engineering maintenance and fire equipment sales.

Note 8: Engaged in the business of manufacturing and sales of air conditioners, ceilings, and compartments.

Note 9: Engaged in land consolidation, construction of traveling and related facilities, sanitation and pollution prevention service, recreational service, construction and technical service, management consulting service.

Note 10: Engaged in investment of ecological touring business, property, and construction management consultation.

Note 11: Invested by L&K Engineering (Suzhou) Co., Ltd.

Note 12: Invested by Unique Grand Limited.

Note 13: Invested by Sunshine (China) Inc.

Note 14: The investment authorized by Investment Commission, MOEA includes the Company's indirect investment \$159,067 thousand (USD \$5,061 thousand) in 7.023% of Zhongao Plaza Management Co., Ltd., on which the Company does not have significant influence. The accumulated in Mainland China as of December 31,2025 includes investment \$146,558 thousand (USD \$4,663 thousand) in Zhongao Plaza Management Co., Ltd.

Note 15: The Company disposed of RSEA Construction Engineering (Chongqing) Co., Ltd. to L&K Engineering (Suzhou) Co., Ltd in July,2020. The proceeds amount was \$319,180 thousand (RMB76,304 thousand). As of December 31, 2025, The Company has collected part of the proceeds and obtained the approval letter from the Investment Commission, MOEA.

14. Segmental Financial Information

(1) General information

The segment information provided to the chief operating decision-maker for allocating resources and assessing the performance of the operating segments focuses on each individual company's financial information.

The Company: The main business includes design and manufacture of hospitals, pharmaceutical and biochemically sterile rooms, electronics clean room, related mechanical and electrical peripherals, and manufacturing process pipelines, especially turnkey engineering services (total responsibility for contracting an integrated system from design, construction, test to verification.)

L1 Company: The main business includes system components, installation, and decorating construction of sterile and clean rooms.

L2 Company: The main business includes the manufacture of metal structures and building components, manufacture of machinery and equipment, automatic control equipment engineering, mechanical installation, integrated construction industry, and investment in infrastructure construction.

Other Companies: The combination of companies which do not meet the quantitative thresholds.

(2) Measurement of segmental financial information

The chief operating decision-maker of the Group assesses the performance of the operating segments based on profit (loss) before tax, which is measured in a manner consistent with that in the consolidated financial statements.

(3) Segment information

Items	For the Year ended December 31, 2025					
	The Company	L1 company	L2 company	Other companies	Adjustment and elimination	Total
Revenue from external customers	\$ 37,543,987	\$ 21,793,168	\$ 17,178,080	\$ 969,417	\$ -	\$ 77,484,652
Inter-segment revenue	1,147,305	11,042	10,034	5,351,750	(6,520,131)	-
Total	\$ 38,691,292	\$ 21,804,210	\$ 17,188,114	\$ 6,321,167	\$ (6,520,131)	\$ 77,484,652
Segmental pre-tax income	\$ 8,825,913	\$ 4,724,021	\$ 780,071	\$ 673,643	\$ (3,144,961)	\$ 11,858,687

Item	December 31, 2025					
	The Company	L1 company	L2 company	Other companies	Adjustment and elimination	Total
Segment assets	\$ 48,768,954	\$ 23,287,598	\$ 15,943,030	\$ 13,586,229	\$ (18,204,394)	\$ 83,381,417

For the Year ended December 31, 2024

Items	The Company	L1 company	L2 company	Other companies	Adjustment and elimination	Total
Revenue from external customers	\$ 23,969,783	\$ 23,760,147	\$ 17,162,411	\$ 197,551	\$ -	\$ 65,089,892
Inter-segment revenue	2,182,396	3,614	3,510	-	(2,189,520)	-
Total	\$ 26,152,179	\$ 23,763,761	\$ 17,165,921	\$ 197,551	\$ (2,189,520)	\$ 65,089,892
Segmental pre-tax income	\$ 5,341,647	\$ 3,234,024	\$ 636,500	\$ (59,541)	\$ (1,881,823)	\$ 7,270,807

December 31, 2024

Item	The Company	L1 company	L2 company	Other companies	Adjustment and elimination	Total
Segment assets	\$ 34,852,461	\$ 15,451,596	\$ 17,961,257	\$ 3,954,347	\$ (11,722,633)	\$ 60,497,028

(4) Financial information by industry

Items	For the Year Ended December 31,	
	2025	2024
Engineering revenue	\$ 76,074,643	\$ 63,697,899
Sales revenue	1,410,009	1,391,993
Total	\$ 77,484,652	\$ 65,089,892

(5) Financial information by geographic area

(A) Net revenue from external customers:

Areas	For the Years Ended December 31,	
	2025	2024
Taiwan	\$ 24,160,362	\$ 20,056,811
China	5,825,984	13,721,379
Other areas	47,498,306	31,311,702
Total	\$ 77,484,652	\$ 65,089,892

(B) Noncurrent assets:

Areas	Dec. 31, 2025	Dec. 31, 2024
Taiwan	\$ 534,935	\$ 500,831
China	3,000,248	2,964,924
Other areas	203,576	184,910
Total	\$ 3,738,759	\$ 3,650,665

The Group categorized the net revenue based on the country in which the customer is headquartered. Noncurrent assets include property, plant and equipment, investment property, intangible assets, right-of-use assets, prepayment for business facilities and other noncurrent assets.

(6) Major customers information

The following external customers individually account for 10% or more of the Group's net revenue:

Customer	For the Year Ended December 31, 2025	
	Amount	%
Company B	\$ 34,607,426	44.66%
Company C	8,087,665	10.44%
Total	\$ 42,695,091	55.10%

Customer	For the Year Ended December 31, 2024	
	Amount	%
Company A	\$ 30,397,463	46.70%