

Kung Sing Engineering Corporation and Subsidiaries

Consolidated Financial Statements and

Review Report of Independent Accountants

June 30, 2026 and 2025

(Stock Code 5521)

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

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Review Report of Independent Auditors Translated from Chinese

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

Introduction

We have reviewed the consolidated balance sheets of Kung Sing Engineering Corporation and its subsidiaries (the “Group”) as at June 30, 2026 and 2025, and the consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statement of changes in equity and of cash flows for the six months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Republic of China Verification Standard No. 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4 (3) of the consolidated financial statements, the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$621,955 thousand and NT\$635,219 thousand constituting 4.7% and 5.1% of the total consolidated assets; the total liabilities of NT\$10,307 thousand and NT\$14,695 thousand constituting 0.1% and 0.2% of the total consolidated liabilities as at June 30, 2026 and 2025, respectively, and the net loss of total comprehensive income of NT\$1,213 thousand, NT\$1,334 thousand, NT\$4,080 thousand and NT\$3,322 thousand, constituting (0.5%), (1.9%), (1.4%), and (5.1%) of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2026 and 2025, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six months then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Accountant

Wen, Ya-fang

Wang, Fang-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

August 12, 2026

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Balance Sheets
June 30, 2026, December 31, 2025 and June 30, 2025
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2026 and 2025 are reviewed, not audited)

		<u>June 30, 2026</u>		<u>December 31, 2025</u>		<u>June 30, 2025</u>	
<u>Assets</u>	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets							
1100 Cash and cash equivalents	6(1)	\$ 1,584,569	12	\$ 2,193,136	16	\$ 1,546,559	13
1136 Financial assets at amortized cost-current	6(2),8	6,856,938	52	6,924,458	50	5,447,015	44
1140 Contract assets-current	6(19)	2,335,762	18	2,281,283	16	2,876,717	23
1170 Accounts receivable, net	6(3)	413,359	3	105,352	1	231,984	2
1200 Other receivables		21,875	-	21,141	-	8,768	-
1210 Other receivables -Relevant person	7	28,944	-	39,420	-	39,424	-
1220 Current tax assets		4,854	-	4,133	-	3,547	-
130X Inventories	6(4),8	357,018	3	357,018	3	357,018	3
1410 Prepayments		89,200	1	89,815	1	91,238	1
1479 Other current assets-other	8	-	-	100,000	1	-	-
1482 Fulfilling contract cost-net current	6(5)	457,289	3	737,501	5	789,109	6
11XX Total current assets		<u>12,149,808</u>	<u>92</u>	<u>12,853,257</u>	<u>93</u>	<u>11,391,379</u>	<u>92</u>
Non-current assets							
1517 Financial assets at fair value through other comprehensive income-non-current	6(6)	90,653	1	84,373	-	86,355	1
1600 Property, plant and equipment	6(7), 8	490,406	4	502,501	4	499,546	4
1755 Right-of-use assets	6(8)	129,294	1	126,275	1	141,996	1
1760 Investment property, net	6(9), 8	148,967	1	149,837	1	150,708	1
1780 Intangible assets		6,841	-	7,991	-	6,961	-
1840 Deferred income tax assets		8,329	-	8,127	-	8,044	-
1900 Other non-current assets	6(10)	126,957	1	83,827	1	86,422	1
15XX Total non-current assets		<u>1,001,447</u>	<u>8</u>	<u>962,931</u>	<u>7</u>	<u>980,032</u>	<u>8</u>
1XXX Total assets		<u>\$ 13,151,255</u>	<u>100</u>	<u>\$ 13,816,188</u>	<u>100</u>	<u>\$12,371,411</u>	<u>100</u>

(Continued)

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Balance Sheets

June 30, 2026, December 31, 2025 and June 30, 2025

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of June 30, 2026 and 2025 are reviewed, not audited)

			June 30, 2026		December 31, 2025		June 30, 2025	
Liabilities and Equity		Note	Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 449,200	3	\$ 757,000	6	\$ 720,000	6
2130	Contract liabilities-current	6(19)	4,132,798	32	5,009,006	36	3,409,865	28
2150	Notes payable		630,516	5	459,365	3	752,714	6
2170	Accounts payable	6(12)	1,646,628	13	1,543,485	11	1,610,890	13
2200	Other payables		174,290	1	138,601	1	95,632	1
2230	Current income tax liability		5,029	-	-	-	-	-
2250	Provisions for liabilities-current	6(14)	600	-	600	-	2,621	-
2280	Lease liabilities-current		33,953	-	27,175	-	35,109	-
2320	Long-term liabilities due within one year or one operating cycle	6(13)	49,840	-	21,298	-	52,058	-
2399	Other current liabilities-other		70,238	1	64,219	1	66,326	1
21XX	Total current liabilities		7,193,092	55	8,020,749	58	6,745,215	55
Non-current liabilities								
2540	Long-term borrowings	6(13)	-	-	47,171	-	49,829	-
2550	Provisions for liabilities-non-current	6(14)	666	-	666	-	666	-
2570	Deferred tax liabilities		4,115	-	4,000	-	3,312	-
2580	Lease liabilities-non-current		96,505	1	102,302	1	107,846	1
2600	Other non-current liabilities		14,051	-	13,973	-	24,378	-
25XX	Total non-current liabilities		115,337	1	168,112	1	186,031	1
2XXX	Total liabilities		7,308,429	56	8,188,861	59	6,931,246	56
Equity								
	Share capital	6(16)						
3110	Common stock		4,922,802	37	4,922,802	36	4,922,802	40
	Capital surplus	6(17)						
3200	Capital surplus		519	-	519	-	519	-
	Retained earnings	6(18)						
3310	statutory surplus reserve		118,183	1	92,511	1	92,511	1
3350	Undistributed earnings		767,165	6	583,618	4	394,474	3
	Other equity							
3400	Other equity		34,157	-	27,877	-	29,859	-
3XXX	Total equity		5,842,826	44	5,627,327	41	5,440,165	44
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$13,151,255	100	\$ 13,816,188	100	\$12,371,411	100

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

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Six Months Ended June 30, 2026 and 2025
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(Unaudited)

Items	Note	Three months ended June 30				Six months ended June 30			
		2026		2025		2026		2025	
		Account	%	Account	%	Account	%	Account	%
4000 Operating revenue	6(19)	\$ 2,807,852	100	\$ 2,649,296	100	\$ 5,420,687	100	\$ 4,802,830	100
5000 Operating cost	6(24)(25)	(2,486,972)	(88)	(2,490,538)	(94)	(4,961,883)	(92)	(4,541,570)	(95)
5900 Gross profit		<u>320,880</u>	<u>12</u>	<u>158,758</u>	<u>6</u>	<u>458,804</u>	<u>8</u>	<u>261,260</u>	<u>5</u>
Operating expenses	6(24)(25)								
6100 Selling expenses		(989)	-	(540)	-	(2,958)	-	(1,270)	-
6200 General and administrative expenses		(103,947)	(4)	(77,204)	(3)	(188,419)	(3)	(145,023)	(3)
6450 expected credit impairment losses	6(19),12(2)	-	-	-	-	-	-	(49,403)	(1)
6000 Total operating expenses		<u>(104,936)</u>	<u>(4)</u>	<u>(77,744)</u>	<u>(3)</u>	<u>(191,377)</u>	<u>(3)</u>	<u>(195,696)</u>	<u>(4)</u>
6900 Operating income		<u>215,944</u>	<u>8</u>	<u>81,014</u>	<u>3</u>	<u>267,427</u>	<u>5</u>	<u>65,564</u>	<u>1</u>
Non-operating income and expenses									
7100 Interest income	6(20)	16,322	-	15,789	-	29,614	-	25,204	1
7010 Other income	6(21),7	1,952	-	6,722	-	3,488	-	8,777	-
7020 Other gains and losses	6(22)	(1,226)	-	(7,130)	-	2,379	-	6,211	-
7050 Financial costs	6(23)	(6,748)	-	(6,582)	-	(14,267)	-	(12,834)	-
7000 Total non-operating income and expenses		<u>10,300</u>	<u>-</u>	<u>8,799</u>	<u>-</u>	<u>21,214</u>	<u>-</u>	<u>27,358</u>	<u>1</u>
7900 Net profit before tax		226,244	8	89,813	3	288,641	5	92,922	2
7950 Income tax expenses	6(26)	(6,576)	-	(14,617)	-	(5,580)	-	(25,346)	(1)
8200 Net profit for the period		<u>\$ 219,668</u>	<u>8</u>	<u>\$ 75,196</u>	<u>3</u>	<u>\$ 283,061</u>	<u>5</u>	<u>\$ 67,576</u>	<u>1</u>
Other comprehensive income (net)									
Components of other comprehensive income that will not be reclassified to profit or loss									
Unrealized gains and losses from investments in equity instruments measured at fair value through other									
8316 comprehensive income	6(6)	<u>\$ 5,632</u>	<u>-</u>	<u>(\$ 5,368)</u>	<u>-</u>	<u>\$ 6,280</u>	<u>-</u>	<u>(\$ 2,994)</u>	<u>-</u>
Other comprehensive income (net)		<u>\$ 5,632</u>	<u>-</u>	<u>(\$ 5,368)</u>	<u>-</u>	<u>\$ 6,280</u>	<u>-</u>	<u>(\$ 2,994)</u>	<u>-</u>
Total comprehensive income for the period		<u>\$ 225,300</u>	<u>8</u>	<u>\$ 69,828</u>	<u>3</u>	<u>\$ 289,341</u>	<u>5</u>	<u>\$ 64,582</u>	<u>1</u>
9750 Basic earnings per share	6(27)	<u>\$ 0.45</u>		<u>\$ 0.15</u>		<u>\$ 0.58</u>		<u>\$ 0.14</u>	
9850 Diluted earnings per share	6(27)	<u>\$ 0.45</u>		<u>\$ 0.15</u>		<u>\$ 0.57</u>		<u>\$ 0.14</u>	

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

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2026 and 2025
(Expressed in thousands of New Taiwan dollars)
(Unaudited)

		Equity attributable to owners of the parent					
				Retained earnings			
	Note	Common stock	Capital surplus	statutory surplus reserve	Undistributed earnings	Unrealized gains and losses from financial assets at fair value through other comprehensive income	Total equity
<u>For the six months ended June 30, 2025</u>							
Balance at January 1, 2025		\$4,922,802	\$ 519	\$ 90,871	\$ 328,538	\$ 32,853	\$ 5,375,583
Net loss for the current period		-	-	-	67,576	-	67,576
Other comprehensive income for the period	6(6)	-	-	-	-	(2,994)	(2,994)
Total comprehensive income for the period		-	-	-	67,576	(2,994)	64,582
Earnings Appropriation and Distribution:							
Appropriation of statutory surplus reserve	6(18)			1,640	(1,640)	-	-
Balance at June 30, 2025		<u>\$4,922,802</u>	<u>\$ 519</u>	<u>\$ 92,511</u>	<u>\$ 394,474</u>	<u>\$ 29,859</u>	<u>\$ 5,440,165</u>
<u>For the six months ended June 30, 2026</u>							
Balance at January 1, 2026		\$4,922,802	\$ 519	\$ 92,511	\$ 583,618	\$ 27,877	\$ 5,627,327
Net loss for the current period		-	-		283,061	-	283,061
Other comprehensive income for the period	6(6)	-	-	-	-	6,280	6,280
Total comprehensive income for the period		-	-	-	283,061	6,280	289,341
Earnings Appropriation and Distribution:							
Appropriation of statutory surplus reserve	6(18)			25,672	(25,672)	-	-
Cash dividends on common stock	6(18)			-	(73,842)	-	(73,842)
Balance at June 30, 2026		<u>\$4,922,802</u>	<u>\$ 519</u>	<u>\$ 118,183</u>	<u>\$ 767,165</u>	<u>\$ 34,157</u>	<u>\$ 5,842,826</u>

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

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2026 and 2025
(Expressed in thousands of New Taiwan dollars) (Unaudited)

		For the six months ended June 30	
	Note	2026	2025
<u>Cash Flows from Operating Activities</u>			
Net profit before tax (net loss)		\$ 288,641	\$ 92,922
Adjustments			
Adjustments to reconcile profit			
Depreciation (including right-of-use assets and investment property)	6(22)(24)	44,142	56,561
Amortization	6(24)	1,673	1,346
Expected credit impairment losses	12(2)	-	49,403
Interest expense	6(23)	14,267	12,834
Interest income	6(20)	(29,614)	(25,204)
Gains on lease modifications	6(8)(22)	(992)	(12,885)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets measured at fair value through profit or loss			
Contract assets		(54,479)	(233,319)
Accounts receivable		(308,007)	120,705
Other receivables		(346)	18,306
Other receivables -Relevant person		10,476	692
Prepayments		69	(15,515)
Other current assets		100,000	-
Cost of fulfilling contracts		280,212	(228,868)
Net defined benefit assets		(575)	(3,437)
Net changes in operating liabilities			
Contract liabilities		(876,208)	(14,504)
Notes payable		176,985	186,087
Accounts payable		103,143	368,044
Other payables		(37,822)	(5,671)
Provisions for liabilities		-	(325)
Other current liabilities		2,622	2,134
Cash inflows (outflows) from operating activities		(285,813)	369,306
Interest received		29,226	22,617
Interest paid		(14,598)	(12,748)
Income tax paid		(2,903)	(2,205)
Refund of income tax		1,544	429
Net cash outflows from operating activities		(272,544)	377,399

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2026 and 2025
(Expressed in thousands of New Taiwan dollars)
(Unaudited)

		For the six months ended June 30	
	Notes	2026	2025
<u>Cash Flows from Investing Activities</u>			
To acquire financial assets at amortised cost		(135,968)	(2,676,077)
Disposal of financial assets at amortised cost		203,488	2,316,886
Proceeds from acquisition of property, plant and equipment	6(28)	(15,909)	(21,605)
Proceeds from acquisition of intangible assets	6(28)	(1,920)	(2,366)
Increased margin deposit		(73,656)	(14,832)
Decreased deposits		30,343	3,150
Net cash inflows from investing activities		6,378	(394,844)
<u>Cash Flows from Financing Activities</u>			
Borrow short-term borrowings	6(29)	957,000	1,020,425
Repayment of short-term borrowings	6(29)	(1,264,800)	(1,140,425)
repay long-term loan	6(29)	(18,629)	(131,836)
Increase in deposits received	6(29)	3,769	2,345
Decrease in deposits received	6(29)	(294)	(76,583)
Lease liability principal payments	6(29)	(19,447)	(22,344)
Net cash inflow from financing activities		(342,401)	(348,418)
Increase (decrease) in cash and cash equivalents during the period		(608,567)	(365,863)
Cash and cash equivalents balance at beginning of the period		2,193,136	1,912,422
Cash and cash equivalents balance at end of the period		\$ 1,584,569	\$ 1,546,559

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

Kung Sing Engineering Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
June 30, 2026 and 2025

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

1. History of the Company

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

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

The consolidated financial statements were reported to and issued by the Board of Directors on August 12, 2026.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

The new standards, interpretations and revisions applicable in 2027 recognized by FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 18, "Presentation and Disclosure of Financial Statements"	January 1, 2027(Note 1)
Amendments to IFRS 19, "Subsidiaries without public responsibility: disclosure"	January 1, 2027
Amendments to IAS 21, "Converted to highly inflationary currency"	January 1, 2027
Amendments to IAS 28, "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures"	January 1, 2027(Note 2)

Note 1: Entities are required to apply IFRS 18 *Presentation and Disclosure in Financial Statements* (hereinafter referred to as IFRS 18) for annual reporting periods beginning on or after January 1, 2028, with early application permitted.

Note 2: Entities should apply this concurrently with IFRS 18.

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined by International Accounting Standards Board
Amendments to IFRS 20, "Regulated assets and regulated liabilities"	January 1, 2029

The Group has assessed the aforementioned standards and interpretations and determined that they do not have a material impact on the Group's financial position and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies are the same as Note 4 of the 2025 consolidated financial statements, except for the following statement of compliance, basis of preparation, basis of consolidation and new additions. Unless otherwise stated, these policies apply consistently throughout all reporting periods.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standards 34, "Interim financial reporting" as endorsed by the FSC.
- B. This consolidated financial report should be read in conjunction with the 2025 consolidated financial report.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - a. Financial assets at fair value through other comprehensive income.
 - b. Defined benefit assets recognized as the net amount of pension fund assets minus the present value of defined benefit obligations.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and release takes effect by the FSC (collectively referred herein as the "IFRSs"), requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of the consolidated financial statements
The preparation principles of this consolidated financial report are the same as those of the 2025 consolidated financial report.
- B. Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Business nature	Ownership (%)			Note
			June 30, 2026	December 31, 2025	June 30, 2025	
As above	Kung Sing Development Co., Ltd.	Houses and buildings development and leasing	100	100	100	Note 1

The Company	Chan Pang Industrial Co., Ltd.	Houses and buildings development, leasing and general investment	-	-	100	Note1、2
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Note 1: The financial statements for June 30, 2026 and 2025 have not been reviewed by accountants because they do not meet the definition of a significant subsidiary

Note 2: .To simplify its investment structure, the Group resolved to cease operations on December 13, 2024, in accordance with Article 128-1 of the Company Act, and to dissolve and liquidate its subsidiary, Chan Pang Industrial Co., Ltd. The company completed the liquidation process and the deregistration filing in September 2025.

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

(4) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforementioned definition and are held to satisfy short-term operational cash commitments (including time deposits with terms of three months or less and bonds under repurchase agreements) are classified as cash equivalents.

(5) Pension

The pension cost during the interim period is based on the pension cost rate determined by the actuarial basis at the end of the previous financial year. Calculated from the beginning of the year to the end of the current period. If there are major market changes and major reductions, liquidations or other major one-time events after the closing date, adjustments will be made and relevant information will be disclosed in accordance with the aforementioned policies.

(6) Income tax

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 Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of the consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and

estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

Construction contract

Construction revenue and costs are primarily generated from contracted construction works. When the outcome of a construction contract can be estimated reliably, revenue is recognised gradually over time based on the proportion of construction costs incurred to date to the estimated total costs.

Estimated total costs are derived from management's assessment and judgment based on the nature of the project, estimated contract value, construction period, construction execution, and construction methods. This involves subjective judgment and carries a high degree of estimation uncertainty, which may affect the recognition of construction revenue. Please refer to Note 6(19) for details of the transaction price for the Group's construction contracts for which performance obligations have not yet been fulfilled.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Check deposits and demand deposits	\$ 1,555,659	\$ 2,182,631	\$ 1,484,413
Cash on hand and revolving funds	8,910	10,505	12,146
Bonds with a repurchase option	20,000	-	-
time deposit	-	-	50,000
	<u>\$ 1,584,569</u>	<u>\$ 2,193,136</u>	<u>\$ 1,546,559</u>

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

(2) Financial assets at amortized cost-current

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Reserve account deposits	\$ 6,694,587	\$ 6,787,699	\$ 5,292,778
Pledged time deposits	<u>162,351</u>	<u>136,759</u>	<u>154,237</u>
	<u>\$ 6,856,938</u>	<u>\$ 6,924,458</u>	<u>\$ 5,447,015</u>

A. The details of financial assets at amortized cost recognized in profit (loss):

	<u>For the three months ended June 30, 2026</u>	<u>For the three months ended June 30, 2025</u>
Interest income	<u>\$ 12,329</u>	<u>\$ 12,292</u>
	<u>For the six months ended June 30, 2026</u>	<u>For the six months ended June 30, 2025</u>
Interest income	<u>\$ 23,208</u>	<u>\$ 20,162</u>

- B. Without considering other credit enhancements, the book value is the maximum exposure amount of financial asset credit risk that could best represent the financial assets at amortized cost held by the Group.
- C. Please refer to Note 8 for details of the pledge collateral of financial assets at amortized cost.
- D. The credit risk related information of the financial assets at amortized cost is described in Note 12 (2).

(3) Accounts receivable

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Project receivable	\$ 413,143	\$ 105,352	\$ 231,984
Accounts receivable	<u>216</u>	<u>-</u>	<u>-</u>
	<u>\$ 413,359</u>	<u>\$ 105,352</u>	<u>\$ 231,984</u>

- A. The objects of the Group's project receivables are government agencies, public enterprises and private institutions, etc., and the funds have not been overdue or impaired. Please refer to Note 12 (2) for the relevant credit risk information of accounts receivable.
- B. The accounts receivable balances on June 30, 2026, December 31, 2025 and June 30, 2025 are all due to customer contracts, and the accounts receivable of customer contracts on January 1, 2025 are new NT\$352,689.

(4) Inventory

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Buildings and land held for sale	\$ 226,513	\$ 226,513	\$ 226,513
Construction in progress	<u>130,505</u>	<u>130,505</u>	<u>130,505</u>
	<u>\$ 357,018</u>	<u>\$ 357,018</u>	<u>\$ 357,018</u>

- A. For the periods from April 1 to June 30 and from January 1 to June 30 in both 2026 and 2025, the cost of inventory recognized as an expense or loss by the Group was NT\$0.
- B. For information on the guarantee provided by the Group with inventories, please refer to Note 8 for details.

(5) Cost of fulfilling contracts

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Prepayment for materials and construction	\$ 381,723	\$ 478,527	\$ 467,618
Prepayment for construction insurance	<u>75,566</u>	<u>258,974</u>	<u>321,491</u>
	<u>\$ 457,289</u>	<u>\$ 737,501</u>	<u>\$ 789,109</u>

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

<u>Items</u>	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Equity instruments			
Non-listed stocks	<u>\$ 90,653</u>	<u>\$ 84,373</u>	<u>\$ 86,355</u>

- A. The Group has elected to classify equity instruments held as strategic investments as financial assets at fair value through other comprehensive income.
- B. The details of equity instruments at fair value through other comprehensive income are as follows:

<u>For the three months ended June 30, 2026</u>	<u>For the three months ended June 30, 2025</u>
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Changes in fair value recognised in other comprehensive income Those who still hold [the asset/security] at the end of the current period	<u>\$ 5,632</u> For the six months ended June 30, 2026	<u>(\$ 5,368)</u> For the six months ended June 30, 2025
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Changes in fair value recognised in other comprehensive income Those who still hold [the asset/security] at the end of the current period	<u>\$ 6,280</u>	<u>(\$ 2,994)</u>
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- C. The credit risk related information of the financial assets at fair value through other comprehensive income is described in Note 12 (2).

(7) Property, plant and equipment

	2026				
	Land	Buildings and structures	Machinery equipment	Transport and other equipment	Total
January 1					
Cost	\$ 343,816	\$ 268,519	\$ 113,860	\$ 102,292	\$ 828,487
Accumulated depreciation and impairment	(93,917)	(143,301)	(45,035)	(43,733)	(325,986)
	<u>\$ 249,899</u>	<u>\$ 125,218</u>	<u>\$ 68,825</u>	<u>\$ 58,559</u>	<u>\$ 502,501</u>
January 1	\$ 249,899	\$ 125,218	\$ 68,825	\$ 58,559	\$ 502,501
Additions	-	-	1,638	9,652	11,290
Reclassification	-	-	-	1,486	1,486
Depreciation expense	-	(5,834)	(10,538)	(8,499)	(24,871)
June 30	<u>\$ 249,899</u>	<u>\$ 119,384</u>	<u>\$ 59,925</u>	<u>\$ 61,198</u>	<u>\$ 490,406</u>
June 30					
Cost	\$ 343,816	\$ 268,519	\$ 115,498	\$ 113,430	\$ 841,263
Accumulated depreciation and impairment	(93,917)	(149,135)	(55,573)	(52,232)	(350,857)
	<u>\$ 249,899</u>	<u>\$ 119,384</u>	<u>\$ 59,925</u>	<u>\$ 61,198</u>	<u>\$ 490,406</u>

	2025				
	Land	Buildings and structures	Machinery equipment	Transport and other equipment	Total
January 1					

Cost	\$ 342,826	\$ 247,869	\$ 105,157	\$ 80,764	\$ 776,616
Accumulated depreciation and impairment	(81,980)	(123,941)	(26,018)	(29,848)	(261,787)
	<u>\$ 260,846</u>	<u>\$ 123,928</u>	<u>\$ 79,139</u>	<u>\$ 50,916</u>	<u>\$ 514,829</u>
January 1	\$ 260,846	\$ 123,928	\$ 79,139	\$ 50,916	\$ 514,829
Additions	990	-	805	4,021	5,816
Depreciation expense	-	(4,801)	(9,299)	(6,999)	(21,099)
June 30	<u>\$ 261,836</u>	<u>\$ 119,127</u>	<u>\$ 70,645</u>	<u>\$ 47,938</u>	<u>\$ 499,546</u>
June 30					
Cost	\$ 343,816	\$ 247,869	\$ 105,962	\$ 84,785	\$ 782,432
Accumulated depreciation and impairment	(81,980)	(128,742)	(35,317)	(36,847)	(282,886)
	<u>\$ 261,836</u>	<u>\$ 119,127</u>	<u>\$ 70,645</u>	<u>\$ 47,938</u>	<u>\$ 499,546</u>

- A. The real estate by the Group are based on the evaluation results of independent evaluation experts. The evaluation is based on the comparative method and the cost method or the income method, which is a third-level fair value. The main assumptions of the income approach are as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Income capitalization rate	1.37%	1.37%	1.32%

- B. For information on guarantees provided by the Group with respect to property, plant and equipment, please refer to Note 8 for details.

(8) Leasing arrangements-lessee

- A. The Group leases various assets, including lands, buildings and transportation equipment. Lease contracts are typically made for periods of 2-10 years. Lease terms are negotiated on an individual basis and contain a wide range of different clauses and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The lease period of the machinery equipment and transportation equipment leased by the Group does not over 12 months. Part of the underlying assets leased with low value are first aid equipment
- C. The changes of right-of-use assets are as follows:

	<u>2026</u>			
	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
January 1	\$ 40,899	\$ 85,219	\$ 157	\$ 126,275
Additions	17,083	7,354	927	25,364
Lease modification	456	(4,400)	-	(3,944)
Depreciation expense	(10,215)	(7,991)	(195)	(18,401)
June 30	<u>\$ 48,223</u>	<u>\$ 80,182</u>	<u>\$ 889</u>	<u>\$ 129,294</u>

	2025			
	Land	Buildings	Transportation equipment	Total
January 1	\$ 56,058	\$ 64,047	\$ 1,884	\$ 121,989
Additions	26,997	26,834	-	53,831
Lease modification	768	-	-	768
Depreciation expense	(27,083)	(6,257)	(1,252)	(34,592)
June 30	<u>\$ 56,740</u>	<u>\$ 84,624</u>	<u>\$ 632</u>	<u>\$ 141,996</u>

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

<u>Items affect profit and loss for the period</u>	<u>For the three months ended June 30, 2026</u>	<u>For the three months ended June 30, 2025</u>
Interest expense on lease liabilities	\$ 889	\$ 961
Expense on short-term assets lease contracts	3,571	4,586
Lease expenses for low-value assets	7	6
Gains on lease modifications	102	-
<u>Items affect profit and loss for the period</u>	<u>For the six months ended June 30, 2026</u>	<u>For the six months ended June 30, 2025</u>
Interest expense on lease liabilities	\$ 1,779	\$ 1,735
Expense on short-term assets lease contracts	5,408	9,399
Lease expenses for low-value assets	14	13
Gains on lease modifications	992	12,885

Because the lessor of the land leased by the Group also indirectly uses the land during the lease period, some of the payment obligations are waived at the end of the lease term. The Group recognizes the gain or loss on the change in lease payments arising from rental concessions as other gains and losses.

F. The Group's total lease cash outflows for the six months ended June 30, 2026 and 2025 were NT\$26,648 and NT\$33,491, respectively.

(9) Investment property

	2026		
	Land	Buildings and structures	Total
January 1			
Cost	\$ 115,734	\$ 115,202	\$ 230,936
Accumulated depreciation and impairment	-	(81,099)	(81,099)
	<u>\$ 115,734</u>	<u>\$ 34,103</u>	<u>\$ 149,837</u>
January 1	\$ 115,734	\$ 34,103	\$ 149,837
Depreciation expense	-	(870)	(870)
June 30	<u>\$ 115,734</u>	<u>\$ 33,233</u>	<u>\$ 148,967</u>
June 30			
Cost	\$ 115,734	\$ 115,202	\$ 230,936
Accumulated depreciation and impairment	-	(81,969)	(81,969)
	<u>\$ 115,734</u>	<u>\$ 33,233</u>	<u>\$ 148,967</u>
	2025		
	Land	Buildings and structures	Total
January 1			
Cost	\$ 115,734	\$ 115,202	\$ 230,936
Accumulated depreciation and impairment	-	(79,358)	(79,358)
	<u>\$ 115,734</u>	<u>\$ 35,844</u>	<u>\$ 151,578</u>
January 1	\$ 115,734	\$ 35,844	\$ 151,578
Depreciation expense	-	(870)	(870)
June 30	<u>\$ 115,734</u>	<u>\$ 34,974</u>	<u>\$ 150,708</u>
June 30			
Cost	\$ 115,734	\$ 115,202	\$ 230,936
Accumulated depreciation and impairment	-	(80,228)	(80,228)
	<u>\$ 115,734</u>	<u>\$ 34,974</u>	<u>\$ 150,708</u>

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

	For the three months ended June 30, 2026	For the three months ended June 30, 2025
Rental income from investment property	<u>\$ 1,130</u>	<u>\$ 1,130</u>
Direct operating expense arising from the investment property that generated rental income in the period	<u>\$ 807</u>	<u>\$ 644</u>
Direct operating expense arising from the investment property that did not generate rental income in the period	<u>\$ 77</u>	<u>\$ 78</u>

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Rental income from investment property	\$ 2,066	\$ 2,066
Direct operating expense arising from the investment property that generated rental income in the period	\$ 1,289	\$ 1,076
Direct operating expense arising from the investment property that did not generate rental income in the period	\$ 100	\$ 101

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

	June 30, 2026	December 31, 2025	June 30, 2025
current year	1,743	3,543	1,778
next year	971	971	2,629
next 2 years	686	686	686
next 3 years	56	56	686
next 4 years	-	-	56
	\$ 3,456	\$ 5,256	\$ 5,835

C. The fair value of the investment property held by the Group at June 30, 2026, December 31, 2025 and June 30, 2025 were NT\$389,963, NT\$389,963 and NT\$386,514, respectively, based on the evaluation results of independent evaluation experts. The evaluation was calculated by comparative method, cost method, land development analysis method and income method and classified as the level 3 fair value. The main assumption of the income method is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Income capitalization rate	1.17%-2.04%	1.17%-2.04%	1.21%-2.04%

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

(10) Other non-current assets

	June 30, 2026	December 31, 2025	June 30, 2025
Refundable deposits	\$ 105,522	\$ 62,209	\$ 49,839
prepaid equipment	858	1,616	20,025
Net defined benefit assets	20,577	20,002	16,558
	\$ 126,957	\$ 83,827	\$ 86,422

(11) Short-term borrowings

Type	June 30, 2026	December 31, 2025	June 30, 2025
Secured borrowings	\$ 449,200	\$ 757,000	\$ 720,000
Interest rate range	2.34%-2.50%	2.28%~3.00%	2.17%-3.00%

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

(12) Accounts payable

	June 30, 2026	December 31, 2025	June 30, 2025
Project payment payable	\$ 814,941	\$ 790,489	\$ 966,309
aProject retainage payable	831,443	752,752	644,337
Accounts payable	244	244	244
	<u>\$ 1,646,628</u>	<u>\$ 1,543,485</u>	<u>\$ 1,610,890</u>

(13) Long-term borrowings

Type of borrowings	Repayment period	June 30, 2026	December 31, 2025	June 30, 2025
Medium-term secured borrowings	Amortized from 2022 to 2027	\$ 49,840	\$ 52,464	\$ 55,054
	Repayable in installments based on 15% of each project			
"	payment	-	16,005	46,833
Subtotal		49,840	68,469	101,887
Deduct: due within one year		(49,840)	(21,298)	(52,058)
		<u>\$ -</u>	<u>\$ 47,171</u>	<u>\$ 49,829</u>
Interest rate range		2.66%	2.10%~2.66%	2.10%~2.66%

A. KSC078 Joint Loan Case

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

- b. As of June 30, 2026, the undrawn loan amount for this joint loan case was NT\$700,000, and the undrawn guarantee amount was NT\$52,885.
- B. KSC081 Joint Loan Case
- a. On June 18, 2024, the company signed a joint credit agreement with ten financial institutions including Taiwan Cooperative Bank for long-term unsecured joint lending, project performance bond and project prepayment repayment guarantee, with a total amount of NT\$5,900,000. On March 17, 2034, the main restriction is that the financial ratios in the annual consolidated financial statements shall be maintained as follows:
- Current ratio (current assets/ current liabilities) shall not be less than 100%.
 - Liabilities ratio (total liabilities/ tangible net worth) shall not be greater than 200%.
 - Interest protection multiples [(income before tax + interest expense+ depreciation and amortization)/ interest expense paid in the period] shall not be less than 200%.
 - Tangible net worth (net value - intangible assets) shall not be less than NT\$4,000,000
- b. As of June 30, 2026, the undrawn loan amount for this joint loan case was NT\$1,350,000, and the undrawn guarantee amount was NT\$13,709.
- C. KSC082 Joint Loan Case
- a. On March 13, 2025, the Group signed a long-term unsecured joint loan, project performance bond and project advance payment repayment guarantee joint credit contract with eight financial institutions including the Land Bank of Taiwan, with a total amount of NT\$3,200,000. The credit period is until March 20, 2035. The main restrictive terms are that the financial ratios of the annual consolidated financial statements should be maintained as follows:
- The current ratio (current assets/current liabilities) must not be less than 100%.
 - Liabilities ratio (total liabilities/ tangible net worth) shall not be greater than 200%.
 - Interest protection multiples [(income before tax + interest expense+ depreciation and amortization)/ interest expense paid in the period] shall not be less than 200%.
 - Tangible net worth (net value - intangible assets) shall not be less than NT\$4,000,000
- b. As of June 30, 2026, the undrawn loan amount for this joint loan case was NT\$710,000, and the undrawn guarantee amount was NT\$916,656.
- D. As of June 30, 2026, In addition to the above-mentioned KCS078, KCS081 and KCS082 joint loan case, the Group has no unutilized long-term loan facilities.
- E. Please refer to Note 12 (2) C. c. for details of the liquidity risks.
- F. Please refer to Note 8 for details of the pledge collateral of long-term borrowings.

(14) Provisions for liabilities

	Warranty	
	2026	2025
January 1	\$ 1,266	\$ 3,612
reversed in the period	-	(325)

June 30	<u>\$ 1,266</u>	<u>\$ 3,287</u>
Recognized as:		
Provisions for liabilities-current	<u>\$ 600</u>	<u>\$ 2,621</u>
Provisions for liabilities-non-current	<u>\$ 666</u>	<u>\$ 666</u>

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

(15) Net defined benefit assets (liabilities)

A. Nefined benefit plan

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

On November 30, 2025, in accordance with the Labor Standards Act and the Labor Pension Act, the Company reached a mutual agreement with employees covered by the old pension scheme to settle their accumulated seniority under that scheme and applied to the Trust Department of the Bank of Taiwan for the relevant payouts. The Company discharged its payment obligations—totaling NT\$41,543—on January 21, 2026; however, as of June 30, 2026, the application to close the dedicated pension reserve account had not yet been filed.

- b. From April 1 to June 30, 2026 and 2025, and from January 1 to June 30, 2026 and 2025, the pension costs recognized by the Group in accordance with the above pension measures are NT\$3,360, NT(\$19), NT\$3,360 and NT(\$38).

- B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. From April 1 to June 30, 2026 and 2025, and from January 1 to June 30, 2026 and 2025, the pension costs recognized by the Group in accordance with the above pension measures are NT\$4,548, NT\$4,040, NT\$8,919 and NT\$7,941.

(16) Share capital

As of June 30, 2026, December 31, 2025, and June 30, 2025, the Company's registered capital was NT\$6,000,000, divided into 600,000 shares, with paid-in capital of NT\$4,922,802, par value NT\$10 per share. Payments for the Company's issued shares have been received. The number of outstanding common shares of the Company at the beginning and end of each period was 492,280,000.

(17) Capital surplus

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

(18) Retained earnings

- A. The Company's Articles of Incorporation stipulates that if there is a surplus in the annual final accounts, the tax should be paid first to make up for the previous year's losses, and 10% of the remaining amount shall be set aside as legal reserve. If there is still a surplus plus beginning distributable surplus, the Board of Directors will propose some resolution and decide by Board of Shareholders. The shareholder dividends are distributed in two ways: stock dividends and cash dividends. The proportion of cash dividends is not less than 10% of the total shareholder dividends. When necessary, the surplus distribution could be set aside as special reserve before the dividend distribution.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The Company's 2025 and 2024 surplus distribution proposals passed by the shareholders' meeting on May 22, 2026 and June 26, 2025 are as follows:

	2025		2024	
	Amount	Dividend per share	Amount	Dividend per share
Appropriation of statutory surplus reserve	\$ 25,672		\$ 1,640	
Cash dividend	73,842	\$ 0.15	-	-

For the above-mentioned situations where the shareholders' meeting has decided not to distribute the profits, please go to the public information observation account to inquire.

(19) Operating revenue

A. Details of customer contract revenue

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

<u>April 1, 2026 to June 30, 2026</u>	<u>Project contracting</u>	<u>Other</u>	<u>total</u>
Income recognized over time	\$ 2,807,646	\$ 206	\$ 2,807,852
<u>April 1, 2025 to June 30, 2025</u>	<u>Project contracting</u>	<u>Other</u>	<u>total</u>
Income recognized over time	\$ 2,649,090	\$ 206	\$ 2,649,296
<u>January 1, 2026 to June 30, 2025</u>	<u>Project contracting</u>	<u>Other</u>	<u>total</u>
Income recognized over time	\$ 5,420,276	\$ 411	\$ 5,420,687
<u>January 1, 2025 to June 30, 2025</u>	<u>Project contracting</u>	<u>Other</u>	<u>total</u>
Income recognized over time	\$ 4,802,419	\$ 411	\$ 4,802,830

B. Contract assets and liabilities

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Contract assets:			
Construction contract	\$ 1,796,242	\$ 1,855,157	\$ 2,595,278
Project retention			
receivables	1,240,325	1,126,931	982,244
Deduct: allowance for			
loss	(700,805)	(700,805)	(700,805)
	<u>\$ 2,335,762</u>	<u>\$ 2,281,283</u>	<u>\$ 2,876,717</u>
Contract liabilities :			
Construction contract	<u>\$ 4,132,798</u>	<u>\$ 5,009,006</u>	<u>\$ 3,409,865</u>

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
current year	\$ 708,714	\$ 693,705	\$ 25,101
next year	295,229	265,054	648,869
next 2 years	33,085	25,714	235,499
next 3 years	125,087	86,411	16,054
More than 4 years	78,210	56,047	56,721
	<u>\$ 1,240,325</u>	<u>\$ 1,126,931</u>	<u>\$ 982,244</u>

(b) Changes in the Group's contract assets and contract liabilities primarily reflect differences over time in the degree of completion of construction

performance obligations and the timing of customer payments. The Group's contract liabilities increased due to the increase in government project contracts awarded since the 2025, resulting in advance payments received under the contracts.

The Group has reassessed the future recoverability of its project costs from April 1 to June 30, 2026 and 2025, and from January 1 to June 30, 2026 and 2025, based on recent court decisions and other factors. The Group has recorded asset impairment losses of NT\$0, NT\$0, NT\$0, and NT\$49,403, respectively, resulting in changes in contract assets. Please refer to Notes 9 and 12(2) for details on the progress of the related litigation.

(c) The Group's contractual liabilities as at 1 January 2025 were NT\$3,424,369. The recognized revenue of contract liabilities at the beginning of the period of NT\$832,011, NT\$937,937, NT\$2,119,324, and NT\$1,633,380 for the three months and six months ended June 30, 2026 and 2025, respectively.

(d) Transaction price to non-performance obligation

As of June 30, 2026, December 31, 2025 and June 30, 2025, the total transaction price of the Group's unfulfilled performance obligations was NT\$66,726,525, NT\$68,233,350 and NT\$70,852,083, respectively. Revenue will be gradually recognized as the construction of bridges and their connecting roads, railway civil engineering, electromechanical, ports, etc. is completed. These projects are expected to be completed from 2026 to 2033.

(e) Please refer to Note 12 (2) for details of the contract assets credit risk.

(20) Interest income

	For the three months ended June 30 , 2026	For the three months ended June 30 , 2025
Interest income from financial assets measured at amortized cost	\$ 12,329	\$ 12,292
Interest from bank deposits	3,986	3,453
Other interest income	7	44
	<u>\$ 16,322</u>	<u>\$ 15,789</u>

	For the six months ended June 30 , 2026	For the six months ended June 30 , 2025
Interest income from financial assets measured at amortized cost	\$ 23,208	\$ 20,162
Interest from bank deposits	6,388	4,938
Other interest income	18	104
	<u>\$ 29,614</u>	<u>\$ 25,204</u>

(21) Other income

	For the three months ended June 30 , 2026	For the three months ended June 30 , 2025
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Rental income	\$	1,187	\$	1,273
Income from refund of litigation and referee fees		-		2,290
Income from sale of construction waste		-		3,103
Others		765		56
	\$	<u>1,952</u>	\$	<u>6,722</u>

		For the six months ended June 30 , 2026		For the six months ended June 30 , 2025
Rental income	\$	2,203	\$	2,375
Income from refund of litigation and referee fees		-		2,290
Income from sale of construction waste		-		3,103
Others		1,285		1,009
	\$	<u>3,488</u>	\$	<u>8,777</u>

(22) Other gains and losses

		For the three months ended June 30 , 2026		For the three months ended June 30 , 2025
Lease Modification Benefit	\$	102	\$	-
Investment property depreciation expense	(	435)	(	435)
Foreign exchange (loss) gain		630	(	6,695)
Engineering insurance claim proceeds		-		-
other	(	<u>1,523)</u>		<u>-</u>
	(\$	<u>1,226)</u>	(\$	<u>7,130)</u>

		For the six months ended June 30 , 2026		For the six months ended June 30 , 2025
Lease Modification Benefit	\$	992	\$	12,885
Investment property depreciation expense	(	870)	(	870)
Foreign exchange (loss) gain		2,201	(	5,804)
Engineering insurance claim proceeds		1,600		-
other	(	<u>1,544)</u>		<u>-</u>
	\$	<u>2,379</u>	\$	<u>6,211</u>

(23) Financial cost

	For the three months ended June 30 , 2026	For the three months ended June 30 , 2025
Interest expense		
Bank loan	\$ 5816	\$ 5,111
Interest expense on lease liability	889	961
Other financial expenses	43	510
	<u>\$ 6,748</u>	<u>\$ 6,582</u>
	For the six months ended June 30 , 2026	For the six months ended June 30 , 2025
Interest expense		
Bank loan	\$ 11,531	\$ 10,589
Interest expense on lease liability	1,779	1,735
Other financial expenses	957	510
	<u>\$ 14,267</u>	<u>\$ 12,834</u>

(24) Additional information on the nature of expenses

	For the three months ended June 30 , 2026	For the three months ended June 30 , 2025
Engineering cost	\$ 2,318,641	\$ 2,320,948
Employee benefit expense	188,990	176,130
Performance bond fee	42,973	31,718
Depreciation of property, plant and equipment	12,638	10,558
Depreciation expense of right-of-use assets	8,829	14,210
Amortization expense of intangible assets	820	680
	<u>\$ 2,572,891</u>	<u>\$ 2,554,244</u>
	For the six months ended June 30 , 2026	For the six months ended June 30 , 2025
Engineering cost	\$ 4,635,153	\$ 4,203,259
Employee benefit expense	359,102	341,625
Performance bond fee	79,708	61,412
Depreciation of property,	24,871	21,099

plant and equipment		
Depreciation expense of right-of-use assets	18,401	34,592
Amortization expense of intangible assets	1,673	1,346
	<u>\$ 5,118,908</u>	<u>\$ 4,663,333</u>

(25) Employee benefit expense

	For the three months ended June 30 , 2026	For the three months ended June 30 , 2025
Wages and salaries	\$ 157,177	\$ 148,540
Labor and health insurance fees	13,214	13,434
Pension expense	7,908	4,021
Directors' remuneration	4,199	2,367
Other personnel expenses	6,492	7,768
	<u>\$ 188,990</u>	<u>\$ 176,130</u>

	For the six months ended June 30 , 2026	For the six months ended June 30 , 2025
Wages and salaries	\$ 302,640	\$ 290,648
Labor and health insurance fees	25,447	26,887
Pension expense	12,279	7,903
Directors' remuneration	6,014	2,957
Other personnel expenses	12,722	13,230
	<u>\$ 359,102</u>	<u>\$ 341,625</u>

- A. In accordance with the Company's Articles of Incorporation, if there is a balance after deducting accumulated deficits from profit, the Company shall distribute bonus to the employees and pay remuneration to the directors that should be 0.1%-5% and not be higher than 3%, respectively, of the total distributed amount. No less than 50% of the employee remuneration amount shall be set aside for distribution of remuneration to grassroots employees.
- B. The estimated amounts of employee remuneration for the Company for the periods from April 1 to June 30 and from January 1 to June 30 of 2026 and 2025 were NT\$6,586, NT\$4,790, NT\$9,067, and NT\$4,956, respectively; the estimated amounts of directors' remuneration for the same periods were NT\$3,294, NT\$1,437, NT\$4,534, and NT\$1,487, respectively.
From January 1 to June 30, 2026, the estimated rates are 3% and 1.5% respectively based on the profit situation up to the end of the period.

- C. Employees' compensation and directors' remuneration for 2025 were NT\$8,477 and NT\$1,413 as resolved at the meeting of Board of Directors and in agreement with those amounts recognized in the 2025 financial statements.

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

(26) Income tax

A. Income tax expense

(A) Income tax expense components

	For the three months ended June 30 , 2026	For the three months ended June 30 , 2025
Current tax:		
Current tax	\$ -	\$ 27
Undistributed surplus increases	7,860	738
High and low estimates for previous years	(2,193)	(401)
Current income tax	5,667	364
Deferred tax:		
Origination and reversal of temporary differences	909	14,253
	<u>\$ 6,576</u>	<u>\$ 14,617</u>
	For the six months ended June 30 , 2026	For the six months ended June 30 , 2025
Current tax:		
Current tax	\$ -	\$ 27
Undistributed surplus increases	7,860	738
High and low estimates for previous years	(2,193)	(401)
Current income tax	5,667	364
Deferred tax:		
Origination and reversal of temporary differences	(87)	24,982
	<u>\$ 5,580</u>	<u>\$ 25,346</u>

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

	<u>Income tax approved year</u>
The Company	2024
Kung Sing Development Co., Ltd.	2024

(27) Earnings per share

	For the three months ended June 30 , 2026	
	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Amount after tax</u>		

Basic/diluted earnings per share

Net profit attributable to common
shareholders of the parent company
for the current period

\$	219,668	492,280	\$	0.45
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Diluted earnings per share

Effect from dilutive potential ordinary
shares-Employee Remuneration

-	640
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Profit attributable to ordinary
shareholders of the parent plus effect
from potential ordinary shares

\$	219,668	492,920	\$	0.45
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For the three months ended June 30 , 2025

	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Amount after tax		

Basic earnings per share

Net profit attributable to common
shareholders of the parent company
for the current period

\$	75,196	492,280	\$	0.15
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Diluted earnings per share

Effect from dilutive potential ordinary
shares-Employee Remuneration

-	408
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Profit attributable to ordinary
shareholders of the parent plus effect
from potential ordinary shares

\$	75,196	492,688	\$	0.15
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For the three months ended June 30 , 2026

	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Amount after tax		

Basic/diluted earnings per share

Net profit attributable to common
shareholders of the parent company
for the current period

\$	283,061	492,280	\$	0.58
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Diluted earnings per share

Effect from dilutive potential ordinary
shares-Employee Remuneration

-	1,010
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Profit attributable to ordinary shareholders of the parent plus effect from potential ordinary shares	<u>\$ 283,061</u>	<u>493,290</u>	<u>\$ 0.57</u>
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For the three months ended June 30 , 2025

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic/diluted earnings per share</u>			
Net profit attributable to common shareholders of the parent company for the current period	\$ 67,576	492,280	<u>\$ 0.14</u>
<u>Diluted earnings per share</u>			
Effect from dilutive potential ordinary shares-Employee Remuneration	-	458	
Profit attributable to ordinary shareholders of the parent plus effect from potential ordinary shares	<u>\$ 67,576</u>	<u>492,738</u>	<u>\$ 0.14</u>

(28) Supplemental information of cash flows

A. Investing activities that are only partially paid in cash:

	For the six months ended June 30 , 2026	For the six months ended June 30 , 2025
Acquisition of real estate, plant and equipment	\$ 12,776	\$ 5,816
Add: Prepayment for equipment at the end of the period	-	20,025
Add: Notes payable at the beginning of the period	4,619	1,052
Less: Notes payable at the end of the period	-	(200)
Deduct: Prepayment for equipment at the beginning of the period	(1,486)	(5,088)
Cash paid for the period	<u>\$ 15,909</u>	<u>\$ 21,605</u>
 Purchase of intangible assets	 \$ 523	 \$ 2,236
Add: Prepayment for equipment at the end of the period	858	130
Notes payable at the beginning of the period	1,738	
Less: Prepayment for equipment at the beginning of the period	(676)	-
Notes payable at the end of	(523)	-

the period

Cash paid for the period	\$ 1,920	\$ 2,366
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B. Financing activities not affecting cash flows :

	For the six months ended June 30 , 2026	For the six months ended June 30 , 2025
Declared but undistributed cash dividends	\$ 73,842	\$ -

(29) Changes in liabilities from financing activities

2026						
	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Dividends payable	Total liabilities from financing activities
January 1	\$ 757,000	\$ 68,469	\$ 129,477	\$ 76,537	\$ -	\$ 1,031,483
Changes in cash flow from financing activities	(307,800)	(18,629)	(19,447)	3,475	-	(342,401)
New in this issue	-	-	25,364	-	-	25,364
Interest expense paid (Note)	-	-	(1,779)	-	-	(1,779)
Changes in other non-cash items	-	-	(3,157)	-	73,842	70,685
June 30	\$ 449,200	\$ 49,840	\$ 130,458	\$ 80,012	\$ 73,842	\$ 709,510
2025						
	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Dividends payable	Total liabilities from financing activities
January 1	\$ 840,000	\$ 233,723	\$ 123,585	\$ 161,300	\$ -	\$ 1,358,608
Changes in cash flow from financing activities	(120,000)	(131,836)	(22,344)	(74,238)	-	(348,418)
New in this issue	-	-	53,831	-	-	53,831
Interest expense paid (Note)	-	-	(1,735)	-	-	(1,735)
Changes in other non-cash items	-	-	(10,382)	-	-	(10,382)
June 30	\$ 720,000	\$ 101,887	\$ 142,955	\$ 87,062	\$ -	\$ 1,051,904

Note: Tabular cash flow from operating activities

7. Related Party Transactions

(1) Names of related parties and relationship

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

(2) Significant transactions with related parties

A. Endorsement and guarantees

- a. The loans, letters of credit and guarantees of the Group under bank financing contracts are guaranteed by certain key members of the Group's management and other related parties. As of June 30, 2026, December 31, 2025, and June 30, 2025, the total amounts guaranteed by related parties are NT\$17,570,486, NT\$17,560,486, and NT\$16,731,486 respectively.
- b. On June 30, 2026, December 31, 2025 and June 30, 2025, the Group based on the joint creation of part of the borrowing quota from the bank, which was jointly established by the Group and others.
According to the loan agreement, the mutual guarantee provided by all parties involved was NT\$55,685, and the actual payment amount was also NT\$55,685.
- c. For information on the Group's provision of inventories as guarantee for loans from other related parties, please refer to Note 8 for details.

B. Joint construction and separate sale

The Group entered into a joint construction agreement with other related parties, under which Mr. Pan, another related party, provided a small section of land in Dahudi, Ankeng Section, Xindian City, and the Group funded the construction of houses. The project was completed in 2018. As of June 30, 2026, December 31, 2025, and June 30, 2025, the Group paid NT\$28,944, NT\$39,420, and NT\$39,424 respectively on behalf of Mr. Pan, a related party in the joint construction project. These figures are listed in the "Other Receivables - Related Parties" table.

C. Rental income (table "Other income")

	For the three months ended June 30 , 2026	For the three months ended June 30 , 2025
Other related persons	\$ -	\$ -
	For the six months ended June 30 , 2026	For the six months ended June 30 , 2025
Other related persons	\$ 23	\$ 23

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

(3) The compensation of key member of the management

	For the three months ended June 30, 2026	For the three months ended June 30, 2025
Short-term employee benefits	\$ 9,193	\$ 5,466
Post-employment benefits	3,536	117
	<u>\$ 12,729</u>	<u>\$ 5,583</u>

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Short-term employee benefits	\$ 19,117	\$ 13,200
Post-employment benefits	3,711	239
	<u>\$ 22,828</u>	<u>\$ 13,439</u>

8. Pledged Assets

The details of the pledged assets are as follows:

Items	Book value			Purpose
	June 30, 2026	December 31, 2025	June 30, 2025	
Financial assets at amortized cost	\$ 6,856,938	\$ 6,924,458	\$ 5,447,015	Provided to banks and owners as a guarantee of short-term borrowings and tender bond
Inventory - Properties for sale	226,513	226,513	226,513	Provide loan guarantees to related parties
Other current assets - Deposit margin	-	100,000	-	Provided to owners as a guarantee of construction performance
Property, plant and equipment	298,404	300,504	296,677	Short-term borrowings guarantee
Investment property	100,143	100,875	101,607	Long-term and short-term borrowings guarantee
	<u>\$ 7,481,998</u>	<u>\$ 7,655,350</u>	<u>\$ 6,071,812</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

- (1) As of June 30, 2026, the amount issued but not used for purchasing goods by the Group was NT\$81,764, and the amount of the guarantee issued by the bank for the performance, advance construction receipts and warranty was NT\$10,242,511.
- (2) As of June 30, 2026, the amount of notes issued by the Group due to the lease contracts was NT\$14,482.
- (3) The engineering litigation judgment and status as of June 30, 2026:
 - A. The Company won the tender for the Muzha Extension (Neihu line) CB410 Section Project put out by the Eastern District Project Office (First District Project Office for now), Department of Rapid Transit Systems, Taipei City Government. Both sides signed the project procurement contract on June 12, 2003. The Company has completed all projects and received the qualification approval from the Eastern District Project Office in December 2012. However, after the commencement of construction on June 16, 2003, various factors that are not attributable to the Company have affected the implementation of the aforementioned projects. The Eastern District Project Office approved 278 and 122 days extensions of time with the total number of 400 days. The related costs and expense increased due to the extensions of time. According to the contract, it should be adjusted to increase the project payment to indemnify. In December 2010, the Company filed a lawsuit with the Taipei District Court to the Eastern District Project Office for payment of indemnification of extensions of time and the prejudgment interest. The related judgments are as follows:
 - (a) The trial court judged that the First District Project Office shall pay the Company NT\$17,723 and 386 thousand US dollars and the prejudgment interest and dismissed other suits.
 - (b) Both the Company and the First District Project Office appealed against the judgment. The court of second instance has not yet rendered a judgment.

- B. The company won the bid for the "New Construction of Suhua Highway Guanyin Tunnel on the Taiwan-Kowloon Line" (hereinafter referred to as the "Guanyin Tunnel") and the "Taiwan-Kowloon Line Suhua Highway Guanyin Tunnel" (hereinafter referred to as the "Guanyin Tunnel") and the "Taiwan-Kowloon Line". Suhua Highway Gufeng Tunnel New Construction" (hereinafter referred to as "Gufeng Tunnel"), the two parties signed a project contract on October 18, 2011. Our company won the bid for Guanyin Tunnel and Gufeng Tunnel, which were publicly tendered by the General Administration of Highways. Our company has completed all The project has passed the acceptance inspection in February and August 2020 respectively.
- (a) The company was instructed by the owner to thicken the clapboard and shorten the spacing of the clapboard, resulting in a huge increase in the cost of the project and an increase in the construction cost due to the geological differences in the work area. Appeal to the General Administration of Highways to increase the payment for the project. According to the judgment of the first-instance court in March 2022, the General Administration of Highways should pay the company NT\$9,766 and delayed interest. The company was dissatisfied with the results of these judgments and appealed to the Taiwan High Court in April 2022. As of the date of reviewing the report, the court of second instance has not yet made a judgment.
 - (b) Since the construction of Guanyin Tunnel and Gufeng Tunnel started on November 1, 2011, due to the influence of factors that cannot be attributed to the company, such as typhoons, collapse, changes in laws and designs, etc. during the construction period, the construction has been approved by the General Administration of Highways. The number of days of extension is 1,141 days and 1,363 days respectively. The Company has increased related costs due to the extension of the above construction period. In November 2020, the company applied to the Yilan District Court to request the General Administration of Highways to pay compensation for the extension of the construction period. Pursuant to the judgment rendered by the court of first instance in June 2026, the Directorate General of Highways was ordered to pay the Company NT\$131,546. Dissatisfied with the ruling, the Company filed an appeal with the Taiwan High Court in July 2026; as of the date of the review report, the appellate court has not yet issued a judgment.
 - (c) During the construction of the Gufeng Tunnel, the General Administration of Highways has handled contract changes several times. Among them, the Company and the General Administration of Highways could not reach an agreement on the price of each project for some contract changes, resulting in the negotiation. In response to the price difference of insufficient payment from the General Administration of Highways, the company filed a petition with the Yilan District Court in July 2021 for the General Administration of Highways to increase the payment for the project. On November 20, 2025, the court of first instance ruled that the Directorate General of Highways should pay the Company NT\$32,731 plus late payment interest. Dissatisfied with this judgment, the Company appealed to the High Court in December 2025. As of

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

- (d) Due to the various excavation work of Guanyin Tunnel and Gufeng Tunnel, the current conditions are affected by factors such as “land acquisition, building demolition, Hanben cultural relics, harsh geological conditions in the tunnel, etc.” The operation could not proceed smoothly according to the original approved overall construction plan. As a result, the cost of labor and equipment for various tunnel excavation projects has increased significantly. In July 2021, the company petitioned the Yilan District Court to increase the project payment from the Highway Administration. The case was dismissed by the court of first instance in April 2025. Dissatisfied with the above judgment, the company filed an appeal with the High Court in May 2025. As of the date of this verification report, the court of second instance has not yet rendered a judgment.
- (e) After the excavation of the Guanyin Tunnel and the Gufeng Tunnel began in June 2012, it was discovered that the original designed tunnel earthwork classification was significantly different from the actual conditions, and the actual geological conditions were different from those assumed by the defendant in the original design. The difference is so great that the related costs and expenses increase and cannot be measured. In November 2020, the company petitioned the Yilan District Court for the Highway Administration to increase payment for the project. On March 25, 2024, the court of first instance ruled that the Highway Administration should pay the company NT\$47,743 and delay interest. The Company was dissatisfied with the results of these judgments and appealed to the High Court in April 2024. As of the date of review of the report, the court of second instance has not made a decision.
- (f) The Guanyin Tunnel and Gufeng Tunnel have to pay extra electricity charges due to the multiple extension of the construction period, and the project contract only includes electricity charges for the "tunnel excavation" project, but other non-excavation projects do not include electricity charges, which are missing items. As a result, the related costs and expenses have increased and cannot be priced. In July 2021, the company applied to the Yilan District Court to request the General Administration of Highways to increase the payment for the project. According to the first-instance judgment on March 29, 2023, the General Administration of Highways should pay the company NT\$9,742 and its delayed interest. The company refused to accept the judgment and appealed to the High Court in April 2023. As of the date of reviewing the report, the High Court The court has yet to decide.

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

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

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

10. Significant Losses from Natural Disaster

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

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

The Group's strategy in 2026 remains the same as in 2025, and the Group is committed to maintaining the debt-to-capital ratio under 50%. The Group's debt-to-capital ratio is as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Total borrowing	\$ 499,040	\$ 825,469	\$ 821,887
Deduct: Cash and cash equivalents	(1,584,569)	(2,193,136)	(1,546,559)
Net debt (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total equity(B)	<u>\$ 5,842,826</u>	<u>\$ 5,627,327</u>	<u>\$ 5,440,165</u>
Total capital (C=A+B)	<u>\$ 5,842,826</u>	<u>\$ 5,627,327</u>	<u>\$ 5,440,165</u>
Debt-to-capital ratio (A/C)	-	-	-

(2) Financial risk of financial instruments

A. Category of financial instruments

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Select designated equity instrument investments	<u>\$ 90,653</u>	<u>\$ 84,373</u>	<u>\$ 86,355</u>
Financial assets at amortized cost			
Cash	\$ 1,584,569	\$ 2,193,136	\$ 1,546,559
Financial assets at amortized cost	6,856,938	6,924,458	5,447,015

Accounts receivable	413,359	105,352	231,984
Contract assets (construction retention)	1,240,325	1,126,931	982,244
Other receivables(Including related persons)	50,819	60,561	48,192
Other current assets	-	100,000	-
Refundable deposits(Other non-current assets)	105,522	62,209	49,839
	<u>\$ 10,251,532</u>	<u>\$ 10,572,647</u>	<u>\$ 8,305,833</u>
	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 449,200	\$ 757,000	\$ 720,000
Notes payable	630,516	459,365	752,714
Accounts payable	1,646,628	1,543,485	1,610,890
Other payables	174,290	138,601	95,632
Other current liabilities	65,961	62,564	62,684
Long-term borrowings (including due within one year)	49,840	68,469	101,887
Other non-current liabilities	14,051	13,973	24,378
	<u>\$ 3,030,486</u>	<u>\$ 3,043,457</u>	<u>\$ 3,368,185</u>
Lease liabilities (including due within one year)	<u>\$ 130,458</u>	<u>\$ 129,477</u>	<u>\$ 142,955</u>

B. Risk management policies

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

C. Nature and degrees of significant financial risks

a. Market risk:

Foreign exchange rate risk

(a) The business of the Group involves a number of non-functional currencies, mainly in RMB and is affected by foreign exchange rate fluctuations. Information of foreign currency assets and liabilities affected by significant exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	June 30, 2026		
	Amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
CNY : TWD	\$ 12,055	4.69	\$ 56,540
EUR: TWD	245	36.29	8,890

(Foreign currency: functional currency)	December 31, 2025		
	Amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
CNY : TWD	\$ 12,054	4.50	\$ 54,193
EUR: TWD	245	36.90	9,032

(Foreign currency: functional currency)	June 30, 2025		
	Amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
CNY : TWD	\$ 12,050	4.09	\$ 49,297
EUR: TWD	355	34.35	12,189

- (b) The realized and unrealized exchange gains (losses) arising from foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2026 and 2025 were NT\$630, NT(\$6,695), NT\$2,201, and NT(\$5,804), respectively.
- (c) The appreciation or depreciation of major foreign currency monetary items impacted the Group's profit and loss at the end of the financial statements period. When the New Taiwan dollar appreciates or depreciates by 1%, the Group's income will decrease or increase by NT\$654 and NT\$615, respectively for the six months ended June 30, 2026 and 2025.

Price risk

- (a) The Group's equity instruments exposed to price risk are financial assets held at fair value through profit or loss and financial assets at fair value through other comprehensive profit or loss.
- (b) The Group primarily invests in equity instruments issued by domestic companies, and the prices of the underlying investments are subject to uncertainty regarding their future value. If the prices were to rise or fall by 1% (with all other factors remaining constant), the net profit after tax for 2026 and the period from January 1 to June 30, 2025, would increase or decrease by NT\$907 and NT\$864, respectively, due to the impact of investments measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The long-term and short-term borrowings borrowed by the Group are floating-rate debts and are not expected to generate significant interest rate risk. Changes in market interest rate will cause the effective interest rate of borrowing to change, which will cause fluctuations in future cash flows.

Calculated based on the Group's borrowings balance at June 30, 2026 and 2025, if the market interest rate increases or decreases by 0.25%, the Group's cash outflow will increase or decrease by NT\$624 and NT\$1,027, respectively.

b. Credit risk

- (a) The Group's credit risk arises from the failure of customers or counterparties to financial instruments to fulfill their contracts. The risk of financial loss to the Group due to contractual obligations mainly comes from the inability of the counterparty to clear repayment of accounts receivable and construction retention receivables paid according to the payment terms and classified as amortized Financial assets measured at post-cost. In addition, the Group's investment through profit and loss is measured at fair value the trading partners of large amount of financial assets and certificates of deposit are financial institutions with good credit quality. The possibility of default is expected to be very low.
- (b) The Group adopts the assumptions under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. And the default occurs when the contract payments are past due over 30 days after final acceptance by owners.
- (c) The debtors of the Group's accounts receivable and contract assets are mainly government units or state-owned enterprises, etc. The Group applies the simplified approach to estimate expected credit loss under the loss rate methodology basis. The loss rate methodology at June 30, 2026, December 31, 2025 and June 30, 2025 is as follows:

① general accounts

<u>June 30, 2026</u>	<u>Accounts receivable</u>	<u>Contract retention</u>	<u>Total</u>
Total book value	<u>\$413,359</u>	<u>\$ 1,240,325</u>	<u>\$ 1,653,684</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2025</u>	<u>Accounts receivable</u>	<u>Contract retention</u>	<u>Total</u>
Total book value	<u>\$ 105,352</u>	<u>\$ 1,126,931</u>	<u>\$ 1,232,283</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>June 30, 2025</u>	<u>Accounts receivable</u>	<u>Contract retention</u>	<u>Total</u>
Total book value	<u>\$231,984</u>	<u>\$ 982,244</u>	<u>\$ 1,214,228</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: The Group's accounts receivable in the above table are not overdue.

- ⑥ Loss allowances are made when there are specific impairment indicators :

	June 30, 2026	December 31, 2025	June 30, 2025
	Contract assets	Contract assets	Contract assets
Total book value	<u>\$1,796,242</u>	<u>\$ 1,855,157</u>	<u>\$2,595,278</u>
Loss allowance	<u>\$ 700,805</u>	<u>\$ 700,805</u>	<u>\$ 700,805</u>

- (d) The simplified table of changes in contract assets and allowance for losses on deposits of the Group is as follows:

	2026	2025
January 1	\$ 700,805	\$ 651,402
Provision for impairment loss	-	49,403
June 30	<u>\$ 700,805</u>	<u>\$ 700,805</u>

c. Liquidity risk

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

	June 30, 2026	December 31, 2025	June 30, 2025
Floating rate			
Due within one year	\$ 1,590,000	\$ 770,000	\$ 840,000
Due beyond one year	<u>2,760,000</u>	<u>2,800,000</u>	<u>2,800,000</u>
	<u>\$ 4,350,000</u>	<u>\$ 3,570,000</u>	<u>\$ 3,640,000</u>

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

Non-derivative financial liabilities:

<u>June 30, 2026</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Beyond 3 years</u>
Short-term borrowings	\$ 457,220	\$ -	\$ -	\$ -
Notes payable	630,516	-	-	-
Accounts payable	1,275,338	126,002	121,880	123,408
Other payables	174,290	-	-	-
Lease liabilities				
(including due within one year)	36,671	27,790	21,970	53,235
Long-term borrowings				
(including due within one year)	50,900	-	-	-

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

<u>June 30, 2025</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Beyond 3 years</u>
Short-term borrowings	\$ 730,029	\$ -	\$ -	\$ -
Notes payable	752,714	-	-	-
Accounts payable	1,370,520	104,884	94,608	40,878
Other payables	95,632	-	-	-
Lease liabilities				
(including due within one year)	37,039	25,081	20,936	71,362
Long-term borrowings				
(including due within one year)	53,796	50,872	-	-

(3) Fair value information

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

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

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

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

- B. Financial instruments not measured at fair value

The Group's investment properties measured at cost are regularly appraised by external experts commissioned by the Group's finance department. Please refer to Note 6(9) for detailed fair value information.

- C. Financial instruments not measured at fair value

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

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

<u>June 30, 2026</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through other comprehensive income-equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,653</u>	<u>\$ 90,653</u>
<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through other comprehensive income-equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,373</u>	<u>\$ 84,373</u>

<u>June 30, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through other comprehensive income-equity securities				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,355</u>	<u>\$ 86,355</u>

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

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

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

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

	<u>Fair value at June 30, 2026</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Discount rate</u>	<u>Relationship of inputs to fair value</u>
Unlisted shares	\$ 86,741	comparable transaction method	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
	<u>3,912</u>	Net assets value method	NA	NA	NA
	<u>\$ 90,653</u>				
	<u>Fair value at December 31, 2025</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Discount rate</u>	<u>Relationship of inputs to fair value</u>
Unlisted shares	\$ 80,653	comparable transaction method	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
	<u>3,720</u>	Net assets value method	NA	NA	NA
	<u>\$ 84,373</u>				

	<u>Fair value at June 30, 2025</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Discount rate</u>	<u>Relationship of inputs to fair value</u>
Unlisted shares	\$ 82,569	comparable transaction method	Discount for lack of marketability	30%	The higher the multiplier, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.
	<u>3,786</u>	Net assets value method	NA	NA	NA
	<u>\$ 86,355</u>				

- F. There was no transfer between level 1 and level 2 for the six months ended June 30, 2026 and 2025.
- G. The table below shows the changes in level 3 for the three months ended June 30, 2026 and 2025:

	2026	2025
January 1	\$ 84,373	\$ 89,349
Recognized in unrealized investment income of equity instruments measured by fair value through other comprehensive income	6,280	(2,994)
June 30	<u>\$ 90,653</u>	<u>\$ 86,355</u>

- H. There was no transfer into or out from the level 3 for the six months ended June 30, 2026 and 2025.
- I. The evaluation model and evaluation parameters selected by the Group after careful evaluation, but the use of different evaluation models or evaluation parameters may lead to different evaluation results. For financial assets classified as land-based, if the evaluation parameters change, the impact on other comprehensive gains and losses for the current period is as follows:

			June 30, 2026		December 31, 2025	
			Recognized in other comprehensive profit or loss		Recognized in other comprehensive profit or loss	
			favorable change	unfavorable change	favorable change	unfavorable change
	Input value	Change				
monetary assets						
Equity Instrument	fluidity	±5%	<u>\$ 6,195</u>	<u>(\$ 6,195)</u>	<u>\$ 5,761</u>	<u>(\$ 5,761)</u>
			June 31, 2025			
			Recognized in other comprehensive profit or loss			
			favorable change	unfavorable change		
	Input value	Change				
monetary assets						
Equity Instrument	fluidity	±5%			<u>\$ 5,900</u>	<u>(\$ 5,897)</u>

(4) Analysis of Current Asset and Liability Maturities

The Group's assets and liabilities related to construction contracts are classified as current or non-current based on the operating cycle. The asset and liability items are presented below according to the amounts expected to be recovered or settled within 12 months after the balance sheet date and those expected to be recovered or settled after more than 12 months:

	Within 12 months	12 months later	total
<u>June 30, 2026</u>			
Assets			
Financial assets measured at amortized cost –			
Current	\$ 125,412	\$ 6,731,526	\$ 6,856,938

Contract assets – current	1,564,719	771,043	2,335,762
Prepayments	47,610	41,590	89,200
Contract fulfillment costs – net current	62,975	394,314	457,289
	<u>\$ 1,800,716</u>	<u>\$ 7,938,473</u>	<u>\$ 9,739,189</u>
Liabilities			
Contract liabilities – current	\$ 2,619,458	\$ 1,513,340	\$ 4,132,798
Other current liabilities – Other	11,993	58,245	70,238
	<u>\$ 2,631,451</u>	<u>\$ 1,571,585</u>	<u>\$ 4,203,036</u>
	<u>Within 12 months</u>	<u>12 months later</u>	<u>total</u>
<u>December 31, 2025</u>			
Assets			
Financial assets measured at amortized cost – Current	\$ 172,240	\$ 6,752,218	\$ 6,924,458
Contract assets – current	1,400,129	881,154	2,281,283
Prepayments	46,015	43,800	89,815
Contract fulfillment costs – net current	308,240	429,261	737,501
	<u>\$ 1,926,624</u>	<u>\$ 8,106,433</u>	<u>\$ 10,033,057</u>
Liabilities			
Contract liabilities – current	\$ 2,439,846	\$ 2,569,160	\$ 5,009,006
Other current liabilities – Other	6,015	58,204	64,219
	<u>\$ 2,445,861</u>	<u>\$ 2,627,364</u>	<u>\$ 5,073,225</u>
	<u>Within 12 months</u>	<u>12 months later</u>	<u>total</u>
<u>June 30, 2025</u>			
Assets			
Financial assets measured at amortized cost – Current	\$ 229,180	\$ 5,217,835	\$ 5,447,015
Contract assets – current	1,359,463	1,517,254	2,876,717
Prepayments	44,524	46,714	91,238

Contract fulfillment costs – net current	381,646	407,463	789,109
	<u>\$ 2,014,813</u>	<u>\$ 7,189,266</u>	<u>\$ 9,204,079</u>
Liabilities			
Contract liabilities – current	\$ 2,798,695	\$ 611,170	\$ 3,409,865
Other current liabilities – Other	4,663	61,663	66,326
	<u>\$ 2,803,358</u>	<u>\$ 672,833</u>	<u>\$ 3,476,191</u>

13. Supplementary Disclosure

(1) Significant transactions information

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

(2) Information of reinvestment business

Names, locations and other information of investee companies (investees in Mainland China excluded): Please refer to Table 3.

(3) Information of investments in Mainland China

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

14. Segments Information

(1) General information

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

(2) Segments information

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

For the six months ended June 30, 2026:

	Kung Sing	Kung Sing Development	Adjustment and charge off	Total
External income	\$ 5,416,941	\$ 3,746	\$ -	\$ 5,420,687
Internal segmental income	-	-	-	-
Segmental income	<u>\$ 5,416,941</u>	<u>\$ 3,746</u>	<u>\$ -</u>	<u>\$ 5,420,687</u>
Segments after-tax income	<u>\$ 287,141</u>	<u>(\$ 4,080)</u>	<u>\$ -</u>	<u>\$ 283,061</u>
Depreciation, impairment and amortization	<u>\$ 45,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,815</u>
Interest income	<u>\$ 28,901</u>	<u>\$ 713</u>	<u>\$ -</u>	<u>\$ 29,614</u>
Interest expense	<u>\$ 14,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,267</u>

For the six months ended June 30, 2025:

	Kung Sing	Chan Pang Industrial(Note)	Kung Sing Development	Adjustment and charge off	Total
External income	\$ 4,799,642	\$ -	\$ 3,188	\$ -	\$ 4,802,830
Internal segmental income	-	-	-	-	-
Segmental income	<u>\$ 4,799,642</u>	<u>\$ -</u>	<u>\$ 3,188</u>	<u>\$ -</u>	<u>\$ 4,802,830</u>
Segments after-tax income	<u>\$ 70,898</u>	<u>\$ 11</u>	<u>(\$ 3,333)</u>	<u>\$ -</u>	<u>\$ 67,576</u>
Depreciation, impairment and amortization	<u>\$ 107,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,310</u>
Interest income	<u>\$ 24,415</u>	<u>\$ -</u>	<u>\$ 789</u>	<u>\$ -</u>	<u>\$ 25,204</u>
Interest expense	<u>\$ 12,821</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 12,834</u>

Note: The dissolution and deregistration of the consolidated subsidiary were completed in September 2025.

(3) Adjustment information of segmental income

- A. The external income reported to the chief operating decision maker is measured in consistent with the income in the income statements.
- B. Reportable departments evaluate the performance of operating departments based on after-tax profit and loss. Please refer to Note 14(2) for details on the reconciliation and elimination of the total profit and loss with the after-tax profit and loss of the continuing operations.

- C. The total amount of assets provided to the chief operating decision makers is consistent with the measurement of the assets in the financial statements. The adjustment and charge off of the assets of the reportable segments in the period, please refer to Note 14 (2) for details.

Kung Sing Engineering Corporation and Subsidiaries
Endorsements and Guarantees for Others
For the Six Months Ended June 30, 2026
(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

Table 1

No.	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum endorsements/ guarantees amount for the period	Endorsements/ guarantees balance amount at June 30, 2026	Used amount	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by parent subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China
1	Kung Sing Development	Pan, jun-rong	Note 2	\$ 9,845,604	\$ 55,685	\$ 55,685	\$ 55,685	\$ 55,685	0.95	\$ 19,691,208	N	N	N		

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

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

Kung Sing Engineering Corporation and Subsidiaries
Holding of Marketable Securities at June 30, 2026 (Investment in Subsidiaries, Affiliates and Joint Ventures Excluded)
June 30, 2026

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

Table 2

Securities held by	Types and names of securities	Relationship with the securities issuer	Account title	At June 30, 2026				Footnote
				Number of shares (thousand shares)	Book value	Ownership (%)	Fair value	
The Company	Kung Ting Steel Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,240	\$ 86,741	18.00	\$ 86,741	Note 2

Note 1: The disclosure standard is that the book value is NT\$4,000 or more.

Note 2: Unpledged security

Kung Sing Engineering Corporation and Subsidiaries
Names, Locations and Other Information of Investees Companies (Investees in Mainland China Excluded)
June 30, 2026
(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

Table 3

Investor	Investee	Location	Main business activities	Initial investment amount		Hold at the end of the period			Profit and loss of the investee for the period	Investment gains and losses recognized for the period	Footnote
				Balance at June 30, 2026	Balance at December 31, 2025	Number of shares (thousand shares)	Ownership (%)	Book value			
As above	Kung Sing Development Co., Ltd.	Taiwan	Construction and development of buildings and houses	673,400	673,400	70,000	100	611,947	(4,080)	(4,080)	Subsidiary