Stock Code:2545

HUANG HSIANG CONSTRUCTION CORPORATION

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: 8F., No. 38, Bo'ai Rd., Zhongzheng Dist., Taipei City
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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Huang Hsiang Construction Corporation:

Opinion

We have audited the financial statements of Huang Hsiang Construction Corporation("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, key audit matters for the Company's financial statements for the year ended December 31, 2022 are stated as follows:

1. Revenue recognition

   Refer to Note 4(o) for the accounting policies on revenue recognition and Note 6(q) for details of related disclosure.

   Description of key audit matter:

   The Company engaged primarily in the sales and development of real estate. Real estate sales are easily subject to changes in overall economic conditions, tax reforms, market demands of properties and lands, and other factors. In response to the aforementioned changes, the governing authority has established relevant controls over revenue recognition and installment payments. The revenue from real estate sales amounted to $6,264,434 thousand, accounted for 97% of the Company's total revenue, which is considered material to the fair presentation of financial statements. Consequently, the Company's revenue recognition has been identified as one of the key audit matters.

Our audit procedures performed in respect of the matter:

We have performed certain audit procedures including understanding the design and effectiveness of the Company's internal controls over the recognition of revenue and the collection of receivables, performing sample testing to inspect the real estate sales contracts, receivables details, bank transactions, transfers of ownership, delivery checklists, and performing sample testing on prepayments in order to assess the completeness of the recognition of bank deposits and procedures of prepaid installments. We also performed sample testing on sales transactions taking place before and after the balance sheet date as well as confirmed relevant transaction records and documentations to ensure that revenue was fairly presented in the appropriate period.

2. Inventory valuation

Refer to Note 4(g) for the accounting policies on inventory valuation, Note 5(a) for the uncertainty of accounting estimations and assumptions for inventory valuation, and Note 6(c) for details of inventory valuation.

Description of key audit matter:

As of December 31, 2022, the Company's inventory amounted to $29,721,680 thousand and accounted for 63% of total assets. The valuation of inventory is at the lower of cost or net realizable value, and the net realizable value of real estate fluctuates in response to market demand. Thus, it's highly relied on the judgement of management. Consequently, inventory valuation has been identified as one of the key audit matters.

Our audit procedures performed in respect of the matter:

We have performed certain audit procedures including understanding the Company's internal procedures and accounting processes over inventory valuation, obtaining the inventory valuation performed by the management as of the end of the reporting period, inspecting and performing sample testing on the comparable market data such as registered sales prices of real estate published by Ministry of the Interior, sales prices of the transactions in the neighborhood, and contract prices of recent sales of the Company's or confirming the calculation of the investment return analysis of each development, to evaluate if the net realizable value of inventory is fairly presented.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Chung-Che Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HUANG HSIANG CONSTRUCTION CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 1,635,506	4	1,365,686	3
1110	Current financial assets at fair value through profit or loss (Note 6(b))	90,427	-	288,983	1
1150	Notes receivable, net	30,738	-	51,998	-
1170	Accounts receivable, net	52,892	-	68,033	-
1200	Other receivables, net	15,107	-	15,188	-
1220	Current tax assets	10,831	-	26	-
1320	Inventories (for construction business), net (Notes 6(c), 7 and 8)	29,721,680	63	26,152,377	60
1410	Prepayments (Note 6(g))	383,192	1	421,786	1
1476	Other current financial assets (Notes 6(g) and 8)	463,239	1	405,755	1
1479	Other current assets	35,458	-	38,428	-
1480	Incremental costs of obtaining a contract (Note 6(g))	159,883	-	45,382	-
		32,598,953	69	28,853,642	66
	Non-current assets:				
1551	Investments accounted for using equity method (Note 6(d))	2,576,759	6	2,749,582	6
1600	Property, plant and equipment (Notes 6(e) and 8)	2,895,163	6	2,923,337	7
1760	Investment property, net (Notes 6(f) and 8)	9,142,314	19	9,208,609	21
1780	Intangible assets	418	-	1,035	-
1840	Deferred tax assets (Note 6(n))	12,964	-	325	-
1980	Other non-current financial assets (Notes 6(g) and 7)	6,468	-	6,430	-
		14,634,086	31	14,889,318	34
	Total assets	**$ 47,233,039**	**100**	**43,742,960**	**100**

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6(h))	$ 20,170,971	43	17,805,983	41
2110	Short-term notes and bills payable (Note 6(i))	390,000	1	928,000	2
2130	Current contract liabilities (Notes 6(q) and 9(a))	375,747	1	322,903	1
2150	Notes payable	29,128	-	58,964	-
2161	Notes payable to related parties (Note 7)	-	-	66,100	-
2170	Accounts payable	18,649	-	29,084	-
2180	Accounts payable due to related parties (Note 7)	1,147,751	2	835,941	2
2200	Other payables	198,444	-	155,801	-
2230	Current tax liabilities	-	-	39,001	-
2250	Current provisions (Note 6(m))	837	-	837	-
2280	Current lease liabilities (Note 6(k))	1,998	-	1,938	-
2322	Long-term borrowings, current portion (Note 6(j))	1,363,815	3	715,692	2
2399	Other current liabilities	38,278	-	49,834	-
		23,735,618	50	21,010,078	48
	Non-Current liabilities:				
2540	Long-term borrowings (Note 6(j))	10,924,619	23	9,989,044	23
2570	Deferred tax liabilities (Note 6(n))	322	-	325	-
2580	Non-current lease liabilities (Note 6(k))	269,686	1	268,495	1
2640	Net defined benefit liability, non-current (Note 6(m))	3,426	-	4,175	-
2645	Guarantee deposits	71,468	-	75,164	-
		11,269,521	24	10,337,203	24
	Total liabilities	35,005,139	74	31,347,281	72
	Equity (Note 6(o)):				
3110	Ordinary share	3,277,348	7	3,277,348	7
3200	Capital surplus	17,130	-	17,130	-
3300	Retained earnings	8,933,422	19	9,101,201	21
	Total equity	12,227,900	26	12,395,679	28
	Total liabilities and equity	**$ 47,233,039**	**100**	**43,742,960**	**100**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HUANG HSIANG CONSTRUCTION CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenues (Notes 6(q) and 7)**	$ 6,456,120	100	7,409,565	100
5000	**Operating costs (Notes 6(c) and 7)**	3,465,655	54	3,737,903	50
	Gross profit from operations	2,990,465	46	3,671,662	50
	Operating expenses (Note 7)				
6100	Selling expenses (Note 6(g))	363,548	6	266,659	4
6200	Administrative expenses (Notes 6(l), (m) and (r))	483,673	7	476,332	6
		847,221	13	742,991	10
	Net operating income	2,143,244	33	2,928,671	40
	Non-operating income and expenses :				
7100	Interest income (Note 6(s))	1,314	-	673	-
7010	Other income (Note 6(s))	14,800	-	9,609	-
7020	Other gains and losses, net (Note 6(s))	415,841	6	(3,471)	-
7050	Finance costs, net (Note 6(s))	(448,210)	(7)	(309,481)	(4)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	(162,495)	(2)	(114,683)	(2)
		(178,750)	(3)	(417,353)	(6)
	Profit before tax	1,964,494	30	2,511,318	34
7950	Less: Income tax expenses (Note 6(n))	68,666	1	65,000	1
	Profit	1,895,828	29	2,446,318	33
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Losses on remeasurements of defined benefit plans	406	-	(228)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	716	-	(365)	-
	Items that will not be reclassified to profit or loss	1,122	-	(593)	-
8300	**Other comprehensive income (after tax)**	1,122	-	(593)	-
8500	**Total comprehensive income**	**$ 1,896,950**	**29**	**2,445,725**	**33**
	Earnings per share (Note 6(p))				
9750	Basic earnings per share (Dollars)	$	**5.78**		**7.46**
9850	Diluted earnings per share (Dollars)	$	**5.77**		**7.45**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HUANG HSIANG CONSTRUCTION CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Total equity
Balance at January 1, 2021	$ 3,277,348	17,130	2,162,126	5,968,157	8,130,283	11,424,761
Profit	-	-	-	2,446,318	2,446,318	2,446,318
Other comprehensive income	-	-	-	(593)	(593)	(593)
Total comprehensive income for the year ended December 31, 2021	-	-	-	2,445,725	2,445,725	2,445,725
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	174,651	(174,651)	-	-
Cash dividends on ordinary shares	-	-	-	(1,474,807)	(1,474,807)	(1,474,807)
Balance on December 31, 2021	3,277,348	17,130	2,336,777	6,764,424	9,101,201	12,395,679
Profit	-	-	-	1,895,828	1,895,828	1,895,828
Other comprehensive income	-	-	-	1,122	1,122	1,122
Total comprehensive income for the year ended December 31, 2022	-	-	-	1,896,950	1,896,950	1,896,950
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	244,572	(244,572)	-	-
Cash dividends on ordinary shares	-	-	-	(2,064,729)	(2,064,729)	(2,064,729)
Balance on December 31, 2022	**$ 3,277,348**	**17,130**	**2,581,349**	**6,352,073**	**8,933,422**	**12,227,900**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HUANG HSIANG CONSTRUCTION CORPORATION

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from operating activities:			
Profit before tax	$	1,964,494	2,511,318
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expense		36,720	34,353
Amortization expense		773	1,169
Net losses on financial assets at fair value through profit or loss		34,005	16,178
Interest expense		448,210	309,481
Interest income		(1,314)	(673)
Dividend income		(14,800)	(9,609)
Share of losses of subsidiaries, associates and joint ventures accounted for using equity method		162,495	114,683
Gains on disposal of property, plan and equipment		-	(3)
Gains on disposal of investment properties		(410,642)	-
Other		(1,396)	(686)
Total adjustments to reconcile profit		254,051	464,893
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease (increase) in financial assets at fair value through profit or loss mandatorily measured at fair value		164,551	(197,632)
Decrease (increase) in notes receivable		21,260	(16,228)
Decrease in accounts receivable		15,141	116,333
Decrease (increase) in other receivable		81	(184)
Decrease in other receivable due from related parties		-	62
Increase in inventories		(3,418,278)	(3,505,164)
Decrease in prepayments		38,594	35,307
Decrease (increase) in other current assets		2,970	(4,466)
Increase in other financial assets		(57,484)	(85,170)
Increase in incremental costs of obtaining a contract		(114,501)	(39,003)
Total changes in operating assets		(3,347,666)	(3,696,145)
Changes in operating liabilities:			
Increase in contract liabilities		52,844	190,208
(Decrease) increase in notes payable		(29,836)	21,594
(Decrease) increase in notes payable to related parties		(66,100)	66,100
(Decrease) increase increase in accounts payable		(10,435)	8,083
Increase (decrease) in accounts payable due to related parties		311,810	(291,518)
Increase in other payables		35,325	655
(Decrease) increase in other current liabilities		(11,556)	21,895
Decrease in net defined benefit liability		(343)	(124)
Total changes in operating liabilities		281,709	16,893
Total changes in operating assets and liabilities		(3,065,957)	(3,679,252)
Total adjustments		(2,811,906)	(3,214,359)
Cash flows (used in) generated from operations		(847,412)	(703,041)
Interest received		1,314	673
Dividends received		26,844	20,687
Interest paid		(505,388)	(351,994)
Income taxes paid		(131,114)	(25,900)
Net cash flows used in operating activities		(1,455,756)	(1,059,575)

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HUANG HSIANG CONSTRUCTION CORPORATION

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	(1,000)	-
Acquisition of property, plant and equipment	(5,329)	(605)
Proceeds from disposal of property, plant and equipment	-	3
Acquisition of intangible assets	(156)	(297)
Acquisition of investment properties	(143,402)	(552,003)
Proceeds from disposal of investment properties	672,438	-
Interest paid for capitalization	(138,633)	(114,456)
Increase in other financial assets	(38)	-
Decrease in other financial assets	-	100
Net cash flows generated from (used in) investing activities	383,880	(667,258)
Cash flows from financing activities:		
Increase in short-term borrowings	6,807,128	8,991,532
Decrease in short-term borrowings	(4,442,140)	(6,182,514)
Increase in short-term notes and bills payable	120,000	381,400
Decrease in short-term notes and bills payable	(658,000)	(492,300)
Proceeds from long-term borrowings	2,000,000	3,712,000
Repayments of long-term borrowings	(416,302)	(2,150,020)
Increase in guarantee deposits	-	35,539
Decrease in guarantee deposits received	(3,696)	-
Payment of lease liabilities	(565)	(265)
Cash dividends paid	(2,064,729)	(1,474,807)
Net cash flows generated from financing activities	1,341,696	2,820,565
Net increase in cash and cash equivalents	269,820	1,093,732
Cash and cash equivalents at the beginning of period	1,365,686	271,954
Cash and cash equivalents at the end of period	$ **1,635,506**	**1,365,686**

See accompanying notes to parent company only financial statements.

(1) Company history

HUANG HSIANG CONSTRUCTION CORPORATION (the "Company") was established on December 6, 1991, by the Ministry of Economic Affairs (R.O.C.), originally known as Huangming Construction Co., Ltd., and was renamed on April 18, 1996. The registered address is located at 8F., No. 38, Bo'ai Rd. Zhongzheng Dist., Taipei City. The Company primarily engages in development of residential properties and the lease or sales of commercial buildings.

(2) Approval date and procedures of the financial statements

The financial statements were authorized for issue by the Board of Directors on March 15, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’ s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

(Continued)

- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated in Note 3, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

The financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the financial instruments.

1) Financial instruments measured at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of defined benefit obligation and the upper limit impact mentioned in Note 4(q).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The Company’s financial statements are presented in New Taiwan Dollar, which is the Company’ s functional currency. All the financial information presented in New Taiwan dollar has been rounded to the nearest thousand.

(c) Foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Exchange differences are generally recognized in profit or loss.

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(d) Classification of current and non-current assets and liabilities

Due to the nature of the operating activities, which entrusts contractor building public housing and renting or selling commercial building, the business cycle of the Company is usually longer than one year. Thus, the Company adopts a business cycle as the standard of classification of current and non-current operating assets and liabilities. Items other than operating assets and liabilities are classified as current when the following criteria is met. Otherwise, they are classified as non-current.

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost are measured at FVTPL.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

(Continued)

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated ─ e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets) and contract assets.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers the financial institutions which hold the Company's bank deposits to have low credit risk because of their reputation and risk rating.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual and corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realizable value is estimated as follows:

(i) Land held-for-development

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Or it can be estimated by recent market value through "land development analysis approach" or "sales comparison approach".

(ii) Construction in progress

Net realizable value is the estimated selling price according to the current market condition in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

(iii) Buildings and land held-for-sale

Net realizable value is the estimated selling price according to the current market condition in the ordinary course of business, less the estimated costs of selling expenses.

(h) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries which does not result in the lost of the Company's control over the subsidiaries are recognized as equity transaction.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Capitalized costs include the cost that can be directly attributable to the acquisition of the investment property. Self-built investment properties capitalize the raw materials and direct labor costs and any other directly attributable costs and interest capitalization to make the investment property ready-to-use.

A property is reclassified to property, plant and equipment at its carrying amount when the use of the property changes from investment property to owner-occupied.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as operation revenue on a straight-line basis over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Self-built properties capitalize the raw materials and direct labor costs, any other directly attributable costs to make the property ready-to-use, decommissioning costs and interest capitalization.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

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(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	10~55 years
2)	Machinery equipment	8 years
3)	Transportation equipment	5 years
4)	Other Facilities	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of transportation equipment and parking space. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘rental income’.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate by the Company.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(o) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

1) Land development and sale of real estate

The Company develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Company due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. There, revenue is recognized upon either transfer of legal ownership or delivery of piece of real estate to customers, whichever occurs in the reporting period and the other occurs in the subsequent period.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

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HUANG HSIANG CONSTRUCTION CORPORATION
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2) Construction contracts

The Company enters into contracts to build residential properties, commercial buildings and public constructions. Because its customer controls the asset as it is constructed, the Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations (for example, a penalty payment calculated based on delay days), accumulated experience is used to estimate the amount of variable consideration, using the expected value method. For other variable considerations (for example, completion bonus if a construction is completed by a specified date), the Company estimates the amount of variable consideration using the most likely amount. Considering the progress of a public construction is highly susceptible to factors outside the Company's control and, therefore, completion bonus is usually constrained, the Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Company expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, or where financing components have significant impact on dividual contracts. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs—Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

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HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(p) Government grants and government assistance

The Company recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(t) Operating segments

Please refer to the consolidated financial report of HUANG HSIAN CONSTRUCTION CORPORATION for the years ended December 31, 2022 and 2021 for operating segments information.

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

The preparation of the financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is referred to Note 6(f), classification of investment property.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(c) for further description of the valuation of inventories.

(b) Impairment of investment property

In the process of evaluating the potential impairment of tangible assets, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to Note 6(f) for further description of the key assumptions used to determine the recoverable amount.

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The Company's strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(t) for assumptions used in measuring fair value.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 1,447	1,494
Cash in banks	1,615,890	1,364,192
Time deposits	18,169	-
Cash and cash equivalents	**$ 1,635,506**	**1,365,686**

Please refer Note 6(t) for the disclosure of the Company's financial assets and liabilities interest risk and sensitivity analysis.

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

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Non-derivative financial assets		
Listed stocks, beneficiary certificates and others	**$ 90,427**	**288,983**

Please refer to Note 6(s) for re-measurement at fair value recognized in profit or loss.

The aforesaid financial assets were not pledged as collateral.

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(c) Inventories

	December 31, 2022	December 31, 2021
Prepayment for land	$ -	3,612,077
Land held-for-development	15,045,871	6,636,023
Construction in progress	4,346,052	3,757,408
Buildings and land held-for-sale	10,394,577	12,146,869
Total	29,786,500	26,152,377
Less: Allowance to reduce inventory to market	(64,820)	-
Net amount	**$ 29,721,680**	**26,152,377**

(i) For the years ended December 31, 2022 and 2021, inventories recognized as cost of sales amounted to $3,368,713 thousand and $3,708,191 thousand respectively. For the year ended December 31, 2022, the Company recognized an inventory valuation loss of $64,820 thousand; for the year ended December 31, 2021, the Company did not recognize any losses from price reduction or gains from price recovery.

(ii) For the years ended December 31, 2022 and 2021, the capitalization rates applied in calculation of construction in progress were 2.07% and 1.74%, respectively. The amounts of capitalization, please refer to the Note 6 (s).

(iii) The Company rented a part of idle houses and parking space, which the Company did not intend to get the long-term capital gain or to earn the rental. Thus the company recognized the asset as buildings and land held-for-sale, instead of investment property.

(iv) The aforesaid inventories were pledged as collateral, please refer to Note 8.

(v) Please refer to Note 7 for the details of purchases of land from and sells of land to related party, which were approved respectively by the Board of Directors.

(vi) On July 2, 2021, the Company entered into an agreement with National the Property Administration, MOF for the establishment of the superficies on the public land located at No.9 of 2th Subsection Dunhua Section, Songshan District, Taipei City, with a contract term maturing on July 1, 2091. According to the contract, aside from the paid superficial royalty of $853,506 thousand, the Company also has to pay the fixed rent calculated based on 2.5% of the declared land value during the year the contract was signed, together with the rent calculated based on 1% of the declared land value of the current year, adjusted along with the annual declared land value. As a result, the Company recognized the above transaction and its related assets as lease liability and land held-for-development, respectively.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(d) Investments accounted for using equity method

The investments accounted for using equity method as of reporting date were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 2,576,759	2,749,582

(i) Please refer to the consolidated financial statements for the year ended December 31, 2021.

(ii) The aforesaid subsidiaries were not pledged as collateral for the years ended December 31, 2022 and 2021 .

(e) Property, plant and equipment

The movements in cost, depreciation, and impairment of property, plant and equipment of the Company for the years ended December 31, 2022 and 2021 were as follows:

	Land	Buildings	Machinery equipment	Transportation equiptment	Other facilities	Total
Cost or deemed cost:						
Balance on January 1, 2022	$ 1,825,335	1,126,674	-	16,740	5,467	2,974,216
Additions	-	-	1,425	2,762	1,142	5,329
Disposals	-	-	-	-	(2,906)	(2,906)
Balance on December 31, 2022	$ 1,825,335	1,126,674	1,425	19,502	3,703	2,976,639
Balance on January 1, 2021	$ 116,564	48,069	-	16,740	4,862	186,235
Additions	-	-	-	-	605	605
Transferred from Investment property	1,708,771	1,078,605	-	-	-	2,787,376
Balance on December 31, 2021	$ 1,825,335	1,126,674	-	16,740	5,467	2,974,216
Depreciation and impairment loss:						
Balance on January 1, 2022	$ -	40,031	-	6,581	4,267	50,879
Depreciation for the year	-	29,762	79	2,885	777	33,503
Disposals	-	-	-	-	(2,906)	(2,906)
Balance on December 31, 2022	$ -	69,793	79	9,466	2,138	81,476
Balance on January 1, 2021	$ -	15,086	-	3,787	3,278	22,151
Depreciation for the year	-	24,945	-	2,794	989	28,728
Balance on December 31, 2021	$ -	40,031	-	6,581	4,267	50,879
Carrying amounts:						
Balance on December 31, 2022	$ 1,825,335	1,056,881	1,346	10,036	1,565	2,895,163
Balance on January 1, 2021	$ 116,564	32,983	-	12,953	1,584	164,084
Balance on December 31, 2021	$ 1,825,335	1,086,643	-	10,159	1,200	2,923,337

The Company didn't capitalize the interest expense for property, plant and equipment for the years ended December 31, 2022 and 2021.

For information on the aforesaid property, plant and equipment pledged as collateral, please refer to Note 8.

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(f) Investment property

The movements in cost, depreciation, and impairment of investment property of the Company for the years ended December 31, 2022 and 2021 were as follows:

	Land and land improvement	Building	Construction in progress	Total
Cost or deemed cost:				
Balance on January 1, 2022	$ 6,222,526	314,954	2,765,563	9,303,043
Additions	-	-	282,035	282,035
Disposals	(80,917)	(201,166)	-	(282,083)
Transfer out	(105,212)	12,895	-	(92,317)
Balance on December 31, 2022	**$ 6,036,397**	**126,683**	**3,047,598**	**9,210,678**
Balance on January 1, 2021	$ 7,931,297	314,954	3,177,709	11,423,960
Additions	-	-	666,459	666,459
Transferred to Property, plant and equipment	(1,708,771)	-	(1,078,605)	(2,787,376)
Balance on December 31, 2021	**$ 6,222,526**	**314,954**	**2,765,563**	**9,303,043**
Depreciation and impairment loss:				
Balance on January 1, 2022	$ 53,600	40,834	-	94,434
Depreciation for the year	-	3,217	-	3,217
Disposal	-	(20,287)	-	(20,287)
Transfer out	(9,000)	-	-	(9,000)
Balance on December 31, 2022	**$ 44,600**	**23,764**	**-**	**68,364**
Balance on January 1, 2021	$ 53,600	35,209	-	88,809
Depreciation for the year	-	5,625	-	5,625
Balance on December 31, 2021	**$ 53,600**	**40,834**	**-**	**94,434**
Carrying amount:				
Balance on December 31, 2022	**$ 5,991,797**	**102,919**	**3,047,598**	**9,142,314**
Balance on January 1, 2021	**$ 7,877,697**	**279,745**	**3,177,709**	**11,335,151**
Balance on December 31, 2021	**$ 6,168,926**	**274,120**	**2,765,563**	**9,208,609**
Fair value:				
Balance on December 31, 2022				**$ 11,362,714**
Balance on December 31, 2021				**$ 12,355,946**

The investment property contains commercial buildings. The subsequent lease term of each rental contract, where the original lease term is non-cancellable, has to be negotiated with the lessee with no contingent rental. Please refer to Note 6(l) for other related information (including rental income and direct operating expenses arising from investment property that generate rental income).

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

The fair value of investment properties (as measured or disclosed in the financial statements) was based on the actual selling price of the real estate transactions reported on the websites of the Ministry of the Interior R.O.C. and estate agents, a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

For the years ended December 31, 2022 and 2021, the amounts of interest capitalization, please refer to Note 6(s).

Information for the aforesaid investment property pledged as collateral, please refer to Note 8.

(g) Other current assets and other non-current assets

The details were as follows:

	December 31, 2022	December 31, 2021
Prepayments		
Payment for building bulk	$ 369,329	354,896
Overpaid sales tax	-	55,804
Other	13,863	11,086
	$ 383,192	**421,786**
Incremental costs to obtaining a contract	**$ 159,883**	**45,382**
Other current financial assets		
Restricted deposits	$ 404,437	215,282
Guarantee deposits for construction contracts	58,802	190,473
	$ 463,239	**405,755**
Other non-current financial assets		
Refundable deposits	**$ 6,468**	**6,430**

(i) Other financial assets

Other financial assets mainly include restricted deposit and guarantee deposits for construction contracts.

(ii) Incremental costs to obtaining a contract

The Company expects that incremental commission fees paid to intermediaries, and the bonus for the internal sales department are both recoverable. The Company has therefore capitalized them as assets. The Company amortized the asset when recognizing the revenue from sales of buildings and land. The amortization expense for the years ended December 31, 2022 and 2021 were $1,806 thousand and $0 thousand, respectively.

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(iii) Collateral

As of December 31, 2022 and 2021, the other financial assets pledged as collateral for borrowings, please refer to Note 8.

(h) Short-term borrowings

The details were as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 1,000,000	1,000,000
Secured bank loans	19,170,971	16,805,983
Total	**$ 20,170,971**	**17,805,983**
Unused credit line	**$ 17,839,120**	**4,116,348**
Range of interest rates	**2.15%~2.85%**	**1.55%~2.50%**

The Company had assets pledged as the collateral for bank borrowings, please refer to Note 8.

(i) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

	December 31, 2022		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	CHINA BILLS FINANCE CORPORATION	2.64%	**$ 390,000**

	December 31, 2021		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	DAH CHUNG BILLS FINANCE CORP.	1.74%	$ 123,000
〃	CHINA BILLS FINANCE CORPORATION	1.67%	805,000
Total			**$ 928,000**

The Company had assets pledged as collateral for short-term notes and bills payable, please refer to Note 8.

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(j) Long-term borrowings

The details were as follows:

	December 31, 2022			
	Currency	**Range of interest rates (%)**	**Maturity**	**Amount**
Unsecured bank loans	TWD	2.17%	2023~2024	$ 2,200,000
Secured bank loans	TWD	2.16%~2.49%	2024~2036	10,088,434
Less: Current portion				(1,363,815)
Total				$ 10,924,619
Unused credit line				$ 665,000

	December 31, 2021			
	Currency	**Range of interest rates (%)**	**Maturity**	**Amount**
Unsecured bank loans	TWD	1.54%	2023	$ 1,000,000
Secured bank loans	TWD	1.50%~1.99%	2022~2036	9,704,736
Less: Current portion				(715,692)
Total				$ 9,989,044
Unused credit line				$ 1,065,000

The Company entered into a syndicated loan agreement of 88.2 billion with three syndicated lending banks including Land Bank of Taiwan on December 25, 2020. The proceeds from loan are used to settle the outstanding balance of the borrowings before the signing date, and to support the construction of the commercial buildings located at the third semi-section of the Shifu Section in Datong District, Taipei. The Company shall complete the on-lending of the loan into fifteen-year borrowing within three months from the date when the building and its ancillary facilities in this agreement have been pledged the maximum limit first mortgage to the management banks. According to the Articles of the loan agreement, the Company should maintain no less than specific interest coverage ratio and the amount of tangible net value during the loan period. As of December 31, 2022, the Company has not violated the aforementioned loan agreement.

The Company had assets pledged as the collateral for bank borrowings, please refer to Note 8.

(k) Lease liabilities

The Company's lease liabilities were as follows:

	December 31, 2022	**December 31, 2021**
Current	$ 1,998	1,938
Non-current	$ 269,686	268,495

Please refer to Note 6(t) for maturity analysis.

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2022	2021
Interest on lease liabilities	$ 5,019	2,479
Expenses relating to short-term leases	$ 11,403	10,998
Covid-19-related rent concessions (recognized as other income)	$ 1,396	686

The amounts recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31	
	2022	2021
Total cash outflow for leases	$ 16,987	13,742

(i) Superficies lease

The Company signed a 70 years superficies lease contract for the construction of its office building. The interest expenses incurred from the contract are attributed to the loan amount, which was borrowed to construct the asset based on the requirements. The Company capitalizes these interest expenses as part of its land held-for-development.

(ii) Other leases

The Company rents machinery, transportation equipments and offices and has the rental period no longer than 1 year, thus these rental contracts were identified as short-term leases. The Company has chosen to apply exemption from recognition requirements and not to recognize related right-of-use assets and lease liabilities for these leases.

(l) Operating lease

The Company leases out its investment property and part of property, plant and equipment. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(e) and 6(f) for more information about the operating leases of property, plant and equipment and investment property.

The Company entered into agreement with Taiwan Fujita Hotels. According to the contract, the Company will lease out its building for Taiwan Fujita Hotels to set up a hotel for tourists, with lease term of 20 years starting from the date of the handover. The rental from Taiwan Fujita Hotels includes a fixed monthly rental, plus a variable rental payment calculated based on annual operating revenue.

HUANG HSIANG CONSTRUCTION CORPORATION
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A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	December 31, 2022	December 31, 2021
Less than one year	$ 124,719	121,792
One to two years	118,094	119,356
Two to three years	117,120	113,773
Three to four years	108,927	113,760
Four to five years	100,450	105,567
More than five years	1,313,819	1,410,248
Total undiscounted lease payments	**$ 1,883,129**	**1,984,496**

The rental income from investment property for the years ended December 31, 2022 and 2021, were $120,905 thousand and $80,442 thousand, respectively.

For the years ended December 31, 2022 and 2021, the maintenance expenses arising from investment property were $8,608 thousand and $1,517 thousand, respectively.

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined obligation at present value and asset at fair value were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 8,668	12,122
Fair value of plan assets	(5,242)	(7,947)
Net defined benefit liabilities	**$ 3,426**	**4,175**

The list of the Company's employee benefit liability was as below:

	December 31, 2022	December 31, 2021
Short-term employee benefits liabilities	**$ 837**	**837**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

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1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $5,242 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	For the years ended December 31	
	2022	**2021**
Defined benefit obligations on January 1	$ 12,122	11,739
Current service cost and interest cost	39	38
Remeasurements loss (gain):		
－Return on plan assets excluding interest income (current interests are not included)	636	117
－Actuarial loss (gain) arising from financial assumptions	(405)	228
Benefits paid	(3,724)	-
Defined benefit obligations on December 31	**$ 8,668**	**12,122**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	For the years ended December 31	
	2022	**2021**
Fair value of plan assets on January 1	$ 7,947	7,668
Interests income	24	23
Remeasurements loss		
－Return on plan assets excluding interest income	636	117
Contributions paid by the employer	359	139
Benefits paid	(3,724)	-
Fair value of plan assets on December 31	**$ 5,242**	**7,947**

(Continued)

4) Movement of the effect of the asset ceiling: none.

5) Expenses recognized in profit or loss

The expenses that should be recognized in profit or loss for the Company were as follows:

	For the years ended December 31	
	2022	**2021**
Net interest of net liabilities for defined benefit obligations	$ 15	15
Administration expenses recognized	$ 15	15

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	**December 31, 2021**
Discount rate	1.500 %	0.500 %
Future salary increase rate	1.000 %	1.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $119 thousand.

The weighted average lifetime of the defined benefits plans is 8.25 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2022		
Discount rate	$ (77)	79
Future salary increase rate	78	(76)
December 31, 2021		
Discount rate	(89)	91
Future salary increase rate	89	(87)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
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The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $2,638 thousand and $2,668 thousand for the years ended December 31, 2022 and 2021, respectively. The amounts paid were $2,621 thousand and $2,636 thousand, respectively.

(n) Income taxes

(i) Tax expense

The components of income tax for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	**2021**
Current income tax expense		
Current period	$ 18,116	34,204
Adjustment to the prior period	37,131	-
5% surtax on undistributed earnings	6,821	4,853
Land value increment tax	19,240	25,999
	81,308	65,056
Deferred tax expense		
Origination and reversal of temporary differences	(12,642)	(56)
Tax expense from the continuing operation	**$ 68,666**	**65,000**

The Company has not recognized the income tax in other comprehensive income for the years ended December 31, 2022 and 2021.

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The reconciliation of income tax expense and profit before tax for the years ended December 31, 2022 and 2021 were as followed:

	For the years ended December 31	
	2022	2021
Profit before tax	$ 1,964,494	2,511,318
Income tax expense at domestic statutory tax rate	$ 392,899	502,264
Tax-exempt income	(397,761)	(453,650)
Realized losses from investments	(100,000)	-
Share of income of associates accounted for using equity method	32,499	22,937
Gains on financial assets at fair value through profit or loss	(1,568)	(1,473)
Time difference of fiscal and tax recognition	(1,146)	773
Current loss from unrecognized deferred tax asset	-	(42,209)
Realized domestic investments losses	8,369	4,709
Prior yeas income tax adjustment	37,131	-
Land value increment tax	19,240	25,999
5% surtax on undistributed earnings	6,821	4,853
Others	72,182	797
Total	**$ 68,666**	**65,000**

(ii) Recognized deferred tax assets and liabilities

Deferred tax assets	**Impairment loss**	**Unrealized foreign exchange loss**	**Total**
Balance on January 1, 2022	$ -	325	325
Recognized in profit or loss	12,964	(325)	12,639
Balance on December 31, 2022	**$ 12,964**	**-**	**12,964**
Balance on January 1, 2021	$ -	278	278
Recognized in profit or loss	-	47	47
Balance on December 31, 2021	**$ -**	**325**	**325**

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Deferred tax liabilities	**Depreciation difference from fiscal and tax**	**Unrealized foreign exchange gain**	**Total**
Balance on January 1, 2022	$ 325	-	325
Recognized in profit or loss	(9)	6	(3)
Balance on December 31, 2022	**$ 316**	**6**	**322**
Balance on January 1, 2021	$ 334	-	334
Recognized in profit or loss	(9)	-	(9)
Balance on December 31, 2021	**$ 325**	**-**	**325**

(iii) The Company's tax returns for the years through 2020 were assessed by the tax authority.

(o) Capital and other equity

As of December 31, 2022 and 2021, the numbers of authorized ordinary share were both $3,800,000 thousand, with par value of $10 per share and divided into 380,000 thousand shares. The paid-in capital were both 327,735 thousand shares.

(i) Capital surplus

The balance of capital surplus of December 31, 2022 and 2021, were as follows:

	December 31, 2022	**December 31, 2021**
Share capital	$ 10,531	10,531
Treasury share transactions	6,599	6,599
	$ 17,130	**17,130**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors to be submitted to the stockholders' meeting for approval.

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The Company's dividend policy is based on its development plans, capital expenditure budget and industry competition, and takes into consideration of the interests of stockholders. If the distributable earnings are less than $0.3 dollars per share, it may not be distributed. Stock dividends in a particular year shall be capped at no more than 70% of total dividends, and the cash dividends should not be less than $0.3 dollars per share of each distribution. However, in certain circumstances when the debt ratio is higher than 50%, the distribution can be stock dividends only.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. The company shall make supplemental allocation of special reserve for the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current period earnings and the undistributed prior-period earnings. Similarly, a portion of unappropriated earnings prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on June 1, 2022 and July 27, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share (dollars)	**Total amount**	**Amount per share (dollars)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 6.30	2,064,729	4.50	1,474,807

On Mar 15, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	2022	
	Amount per share (dollars)	**Total amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 4.6	1,507,580

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(p) Earnings per share

(i) Basic earnings per share

	For the years ended December 31	
	2022	2021
Profit attributable to ordinary shareholders	$ 1,895,828	2,446,318
Weighted average number of ordinary shares (thousand shares)	327,735	327,735
Basic earnings per share (dollars)	$ 5.78	7.46

(ii) Diluted earnings per share

	For the years ended December 31	
	2022	2021
Profit attributable to ordinary shareholders (basic)/(diluted)	$ 1,895,828	2,446,318
Weighted average number of ordinary shares (thousand shares)	327,735	327,735
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	617	784
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	328,352	328,519
Diluted earnings per share (dollars)	$ 5.77	7.45

(q) Revenue from contracts with customers

(i) The details of revenues were as follows:

	For the years ended December 31	
	2022	2021
Revenue from contracts with customers	$ 6,264,457	7,275,504
Rental revenue	191,663	134,061
	$ 6,456,120	7,409,565

(ii) Disaggregation of revenue from contracts with customers

	For the years ended December 31	
	2022	2021
Primary geographical markets:		
Taiwan	$ 6,264,457	7,275,504

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

	For the years ended December 31	
	2022	**2021**
Major products/services lines:		
Sales of the real estate	$ 6,264,434	7,275,161
Other revenue	23	343
	$ 6,264,457	**7,275,504**
Timing of revenue recognition:		
Products transferred at a point in time	**$ 6,264,457**	**7,275,504**

(iii) Contract balances

	December 31, 2022	**December 31, 2021**	**January 1, 2021**
Contract liabilities-Sales of real estate	**$ 375,747**	**322,903**	**132,695**

The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were $203,608 thousand and $111,887 thousand, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2022 and 2021.

(r) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration and directors’ remuneration were both amounted to $20,057 thousand and $25,620 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company’s articles. These remunerations were expensed under operating expenses during each period.

Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021 and 2020.

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(s) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2022	2021
Interest income from bank deposits	$ 1,310	659
Other interest income	4	14
	$ 1,314	**673**

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2022	2021
Dividend income	**$ 14,800**	**9,609**

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2022	2021
Losses on financial assets at fair value through profit or loss	$ (34,005)	(16,178)
Foreign exchange gains (losses)	1,654	(252)
Gains on disposals of property, plant and equipment	-	3
Gains on disposals of investment property	410,642	-
Others	37,550	12,956
	$ 415,841	**(3,471)**

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2022	2021
Interest expense		
Bank loans	$ 645,772	467,909
Guarantee deposits	493	424
Interest subsidy	55	-
Lease liability interest expense	5,019	2,479
Less: capitalized interest	(203,129)	(161,331)
	$ 448,210	**309,481**

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(t) Financial instruments

(i) Classification of financial instruments

1) Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	$ 90,427	288,983
Financial assets measured at amortized cost		
Cash and cash equivalents	1,635,506	1,365,686
Receivables	98,737	135,219
Other current financial assets	463,239	405,755
Other non-current financial assets	6,468	6,430
Subtotal	2,203,950	1,913,090
Total	**$ 2,294,377**	**2,202,073**

2) Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities measured at amortized cost		
Short-term borrowings	$ 20,170,971	17,805,983
Long-term borrowings (including current portion)	12,288,434	10,704,736
Short-term notes and bills payable	390,000	928,000
Accrued payables	1,393,972	1,145,890
Lease Liabilities	271,684	270,433
Guarantee deposits	71,468	75,164
Total	**$ 34,586,529**	**30,930,206**

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Company has a vast customer base, thus, there was no concentration of credit risk. As of December 31, 2022 and 2021, the Company has no overdued receivables.

3) Receivables and debt securities

Other financial assets at amortized cost are receivables. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. For the years ended December 31, 2022 and 2021, the Company has no allowance provision recognized.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-3 years	More than 3 years
December 31, 2022					
Non-derivative financial liabilities					
Unsecured bank loans	$ 3,200,000	3,245,019	2,279,711	965,308	-
Secured bank loans	29,259,405	33,515,008	6,847,633	8,149,559	18,517,816
Short-term notes and bills payable	390,000	390,000	390,000	-	-
Accrued payables	1,393,972	1,393,972	1,393,972	-	-
Lease Liabilities	271,684	478,130	6,980	13,960	457,190
Guarantee deposits	71,468	71,468	12,695	6,111	52,662
	$ 34,586,529	**39,093,597**	**10,930,991**	**9,134,938**	**19,027,668**
December 31, 2021					
Non-derivative financial liabilities					
Unsecured bank loans	$ 2,000,000	2,021,947	1,418,097	603,850	-
Secured bank loans	26,510,719	27,729,020	12,131,253	2,005,422	13,592,345
Short-term notes and bills payable	928,000	928,000	928,000	-	-
Accrued payables	1,145,890	1,145,890	1,145,890	-	-
Lease Liabilities	270,433	479,416	6,898	13,796	458,722
Guarantee deposits	75,164	75,164	16,382	4,986	53,796
	$ 30,930,206	**32,379,437**	**15,646,520**	**2,628,054**	**14,104,863**

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

(iv) Currency risk

1) Currency risk

The Company's significant exposures to foreign currency risk were as follows:

	December 31, 2022			December 31, 2021		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
CNY	$ 752	4.31	3,241	752	4.32	3,249
USD	639	30.31	19,368	633	27.63	17,479
SGD	10	22.30	223	10	20.37	203

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

2) Sensitivity analysis

An increased (decreased) of 1% of the NTD against the CNY, USD and SGD as of December 31, 2022 and 2021, would have increased (decreased) the net profit after tax by $228 thousand and $209 thousand respectively. The analysis is performed on the same basis for years 2022 and 2021.

3) Foreign exchange gains or losses on monetary items

The exchange gains and losses of the Company's monetary items (including realized and unrealized) converted into functional currency, as well as those converted into the parent Company's functional currency, were as follows:

	For the years ended December 31			
	2022		2021	
	Exchange gains or losses	Average exchange rate	Exchange gains or losses	Average exchange rate
CNY	$ (6)	4.315	30	4.336
USD	1,637	28.970	(277)	28.030
SGD	23	21.335	(5)	21.470

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates risk on the derivative and non-derivative financial instruments at the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year at the reporting date. The Company’s internal management reported the increases and decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases (decreases) by 1%, the Company’s interest expense will increase (decrease) by $304,851 thousand and $263,213 thousand, and the net income will decrease (increase) by $209,200 thousand and $174,092 thousand for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Company’s variable rate borrowings.

(vi) Other market price risk

For the years ended December 31, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Price of securities at reporting date	2022 Net Income (Loss)	2021 Net Income (Loss)
Increasing 3%	$ 2,282	8,246
Decreasing 3%	$ (2,282)	(8,246)

(vii) Fair value of financial instruments

1) Classification of financial instruments and fair value hierarchy

The carrying amount of financial assets and liabilities are reasonably close to the fair value. The fair value of financial assets at fair value through profit or loss which is measured according to the first-level evaluation method on a recurring basis.

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

3) Transfers between Level 1 and Level 2

There are no transfers from each level for the years ended December 31, 2022 and 2021.

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(u) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company’ s exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about quantative effects of these risks exposures, please refer to respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Company’ s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investments in securities.

1) Trade and other receivables

The Company’ s credit risk exposure level depends on the condition of each customer. The Company has vast consumer base and continuously evaluates the financial status of lending customers and requires guarantees in order to reduce the credit risk of accounts receivable. And for the consumer acquired bank funding, the Company requires the loan was directly allocated to the Company from the lending bank. Thus, credit risk can be effectively controlled.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company’s finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(Continued)

3) Guarantees

The Company’ s policy is to provide financial guarantees only to wholly owned subsidiaries. On December 31, 2022 and 2021, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’ s reputation.

Loans and borrowings from the banks form an important source of liquidity for the Company. Please refer to Note 6(h) and (j) for the Company's unused credit line as of December 31, 2022 and 2021.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

Interest from loans is priced in the currency of the principal of the loan. The currency of the borrowing is measured in New Taiwan dollar, which is the same as the currency of the cash flow generated from the operation of the Company. Thus, hedging accounting is not adopted.

When there is short-term imbalance arising from other monetary assets and liabilities denominated in foreign currencies, the Company operates foreign currencies transaction at real-time exchange rates to ensure that the net risk is maintained at an acceptable level.

2) Interest rate risk

The policy of the Company is to ensure the risk exposure arising from changes in interest rates from borrowing can be evaluated in accordance with the macroeconomic situation and market trends on a timely basis.

(v) Capital management

The Company’s objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, 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 dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus and retained earnings plus net debt.

As of December 31, 2022, the Company's capital management strategy is consistent with the prior year as of December 31, 2021, and the gearing ratio is maintained within 65% to 80% so as to ensure an good credit rating and ensure financing at reasonable cost. The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2022 and 2021, were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 35,005,139	31,347,281
Less: cash and cash equivalents	(1,635,506)	(1,365,686)
Net debt	33,369,633	29,981,595
Total equity	12,227,900	12,395,679
Adjusted equity	**$ 45,597,533**	**42,377,274**
Debt-to-equity ratio	**73%**	**71%**

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Northlight Construction Ltd. (Northlight Construction)	Subsidiary
Polis International Development Co., Ltd. (Polis)	〃
Fu Shih Enterprise Corporation (Fu Shih Enterprise)	〃
Derun Venture Capital Co., Ltd. (Derun venture)	〃
Huang Ming Construction Corp. (Huang Ming) (Note)	The entity's chairman is the director of the Company
Ching Lung Development Co., Ltd. (Ching Lung Development)	The entity's chairman has the first degree relative to the Company's director
Chen Chia Ken	Key management personnel
Liao Nien Chi	〃
Liao Lin Shu Hua	〃
Liao Yu Hsiang	〃
Liao Pei Ju	〃
Liao Ling Chun	〃

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Note: Note: On November 10, 2021, the merger of Huang Ming Construction Corp. with the three companies, Fu Yu Asset Management Co., Ltd., Huang Hsiang Investment Co., Ltd., and Ring Shine Industrial Corp., which had been approved the Ministry of Economic Affairs, resulted in Huang Ming Construction Corp. to be the sole surviving company who assumed all rights and obligation.

(b) Significant transactions with related parties

(i) Sales

1) On March 19, 2021, the Company sold its land held-for-development to Ching Lung Development Co,. Ltd. at the amount of $73,483 thousand based on the resolution approved by the Board of Directors, resulting in the gain on disposal of $226 thousand. As of December 31, 2021, the Company had received the full payment and completed the transfer of legal ownership.

2) On May 13, 2021, the Company sold its building and land held-for-sale to Huang Ming Construction (formerly called Fu Yu Asset) at the amount of $17,750 thousand based on the resolution approved by the Board of Directors, resulting in the gain on disposal of $14,584 thousand. As of December 31, 2021, the Company had received the full payment and completed the transfer of legal ownership.

3) The abovementioned transaction price resolved by the Board of Directors was the same as that of the evaluation report issued by an independent appraiser with professional qualifications and experience in the relevant district and type of property.

(ii) Purchase

1) The subsidiary rendered construction service as follows:

For the year ended December 31, 2022	Note	Total contract price	Current billed amount	Accumulated billed amount
Subsidiary-Northlight Construction Ltd.	Completed	$ 1,303,697	1,132,009	1,303,697
	In-progress	11,442,193	432,130	1,619,405
Total		**$ 12,745,890**	**1,564,139**	**2,923,102**
For the year ended December 31, 2021				
Subsidiary-Northlight Construction	Completed	$ 686,355	199,509	686,355
	In-progress	6,069,889	599,302	1,358,963
Total		**$ 6,756,244**	**798,811**	**2,045,318**

The contract price and payment terms had no significant differences with those between non-related parties.

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2) The Company purchased the land located in No. 190 and 191 of Mingde Section, Tucheng District, New Taipei City, from Liao Ling Chun through a resolution of the Board of Directors on December 22, 2020, at a transaction price of $524,466 thousand. As of December 31, 2021, the Company had made the full payment and completed the registration of the transfer.

3) The Company purchased the land located in No.93 of 1th Subsection, Hanzhong Section, Wanhua District, Taipei City, from Ching Lung Development based on a resolution approved by the Board of Directors on February 8, 2021, at a transaction price of $208,359 thousand. As of December 31, 2021, the Company had made the full payment and completed the registration of the transfer.

4) The Company purchased the land located in No.2 and 3 of Leli Section, Tucheng District, New Taipei City, from Liao Ling Chun and Huang Ming (formerly called Huang Hsiang Investment) based on a resolution approved by the Board of Directors on February 8, 2021, at a transaction price of $171,256 thousand. As of December 31, 2021, the Company had made the full payment and completed the registration of the transfer.

5) The Company purchased the land located in No.76 to 82 of Mingde Section, Tucheng District, New Taipei City, from Liao Ling Chun based on a resolution approved by the Board of Directors on November 12, 2021, at a transaction price of $590,238 thousand. As of December 31, 2022, the Company had made the full payment and completed the registration of the transfer.

6) The Company purchased 19 parcels of land, including land number 759, located in the Shuiyuan Section, Shulin District, New Taipei City, from Jia Gen Chen, a key management personnel, based on a resolution approved by the Board of Directors on August 12, 2022, at a transaction price of $406,829 thousand. As of December 31, 2022, the Company had made the full payment and completed the registration of the transfer.

7) The Company purchased 3 parcels of land, including land number 503, 506, 507, located in the Yunxiao Section, Tucheng District, New Taipei City, from Jia Gen Chen, a key management personnel, and its right to participate in the "Proposed Urban Renewal Project and Right Exchange Project for 59 parcels of land, including land number 505 in the Yunxiao Section of Tucheng District, New Taipei City, and 2 parcels of land, including land number 754-4 in the Peipi Section" (hereinafter referred to as "Urban Renewal Right") based on a resolution approved by the Board of Directors on November 11, 2022. The transaction price was $53,033 thousand. As of December 31, 2022, the Company had made the full payment and completed the registration of the transfer.

8) The Company purchased the plot ratio transfer right of historic building which is at No. 423, Yanping Section 3, Datong District, Taipei City from Huang Ming Construction Corp. Through a resolution of the Board of Directors on December 20, 2022, at a transaction price of $72,163 thousand. As of December 31, 2022, $14,433 thousand had been paid to the relate parties as mentioned above, and was accounted for as prepayment for construction.

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9) The aforementioned prices of land purchase transactions have taken into consideration either of previous transfer price plus interest or appraisal report and were determined by the Board of Directors.

(iii) Payables to related parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Accounts payable due to related parties	Subsidiary－Northlight Construction	$ 1,147,713	658,873
〃	Subsidiary－Polis	38	-
〃	Key management personnel－Liao Ling Chun	-	177,068
		$ 1,147,751	**835,941**
Notes payable due to related parties	Key management personnel－Liao Ling Chun	**$ -**	**66,100**

(iv) Endorsement and guarantee

1) The Company provided bank loan credit endorsement to subsidiaries amounting to $820,000 thousand and $690,000 thousand, as of December 31, 2022 and 2021, respectively.

2) As of December 31, 2022, Fu shih Enterprise Corporation, identified as a subsidiary of the Company, had pledged five of its land, located at 3th Subsection of Linyi section, Zhongzheng Dist., as collateral for the bank loan amounting to $246,460 thousand for the Company.

(v) Lease

The Company leased office buildings, parking lots and residential buildings from key management personnel and other related parties in lease terms of one to three years. The rental expenses for the years ended on December 31, 2022 and 2021 were both $6,567 thousand, respectively. According to the contract, the Company deposited $1,012 thousand as lease guarantee and recorded with other non-current financial assets.

(vi) others

1) For the years ended December 31, 2022 and 2021, the subsidiary provided catering services to the Company amounting to $1,021 thousand and $467 thousand, respectively.

2) The Company joint with Fu Shih Enterprise identified as subsidiary of the Company, to a development contract. The Company expected to have the 30% of the house selling amount. The development costs were budgeted to $500,000 thousand.

3) The Company entered into an agreement with other related party, Huang Ming Construction (formerly called Fu Yu Asset) concerning urban renewal, at the contract price of $33,333 thousand. As of December 31, 2022, the Company's partial payment of $3,333 thousand was paid to Huang Ming Construction, which was recorded under construction in progress.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	$ 36,256	43,988
Post-employment benefits	417	498
	$ 36,673	**44,486**

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Other current financial assets	Bank loans, guarantee deposits and trust of real estate	$ 404,437	215,282
Inventories	Bank loans and short-term notes and bills payable	26,487,075	20,555,302
Investment property	Bank loans	8,970,313	9,053,405
Property, plant and equipment	Bank loans	2,882,213	2,911,976
		$ 38,744,038	**32,735,965**

(9) Commitments and contingencies

(a) Unrecognized contractual commitments

(i) The Company's unrecognized contractual commitments of sales of inventories were as follows:

	December 31, 2022	December 31, 2021
Amount of signed contracts	**$ 3,332,852**	**2,685,220**
Received amount from contracts	**$ 375,747**	**322,903**

(ii) The Company's unrecognized commitments generated from purchase contracts of inventories and property were as follows:

	December 31, 2022	December 31, 2021
Amount of signed contracts	**$ 72,163**	**7,768,630**
Amount of payment paid	**$ 14,433**	**3,494,421**

(Continued)

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(iii) For the years ended December 31, 2022, the green building and urban renewal performance guarantee provided by the bank was $352,642 thousand.

(b) Contingent liabilities

(i) As of the reporting date, the right for building bulk claimed by the Company, which has yet to be transferred from Chen Yueji Ancestral Hall (a historic site), amounting to $354,896 thousand, was recorded under prepayment as of the reporting date. According to Article 125 of the Civil Code of R.O.C., the claim will expire if it is not being exercised for over fifteen years. Therefore, the Company negotiated with the executive of Chen Yueji Ancestral Hall on the method of collaborating the restoration and reuse plan of Chen Yueji Ancestral Hall in accordance with the ruling made by the Supreme Administrative Court, so as to facilitate the subsequent transfer of the building bulk. However, the new executive of Chen Yueji Ancestral Hall (a successor of the former one) failed to cooperate accordingly. Hence, the Company filed a lawsuit to the Supreme Administrative Court against Chen Yueji Ancestral Hall to confirm the existence, suspend the expiry term, and recalculate the expiry date, of the claim. On May 4, 2022, the Taipei District Court ruled in favor of the Company, and the representative of the corporation in ancestor worship, Chen Yueji in Taipei City, has filed an appeal with the Taiwan High Court, and the case is still under trial by the Court as of the date of this financial report.

(ii) Part of buyers of the Company’s pre-sold house intended to terminate the contract and filed a lawsuit to the Taipei District Court against the Company, requesting for the return of payment of $17,650 thousand, plus prejudgment interest and the liquidation damage of $17,922 thousand. The Company claimed that those buyers’ opinion were false and their delayed payments had already violated the contracts. On August 24, 2022, the Taipei District Court ruled in favor of the Company, and the pre-sale tenants have filed an appeal with the Taiwan High Court, and the case is still under trial as of the date of this financial report.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(12) Other

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

By function / By item	For the years ended December 31					
	2022			2021		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	-	73,863	73,863	-	68,471	68,471
Labor and health insurance	-	6,053	6,053	-	5,131	5,131
Pension	-	2,653	2,653	-	2,683	2,683
Remuneration of directors	-	24,649	24,649	-	30,320	30,320
Others	-	4,493	4,493	-	4,968	4,968
Depreciation	32,122	4,598	36,720	29,712	4,641	34,353
Depletion	-	-	-	-	-	-
Amortization	-	773	773	-	1,169	1,169

For the years ended December 31, 2022 and 2021, the information on the number of employees and employee benefit expense of the Company were as follows:

	For the years ended December 31	
	2022	2021
Number of employees	67	67
Number of directors (non-employed)	9	9
Average employee benefit expense	$ 1,501	1,401
Average employee salary expense	1,274	1,181
Changes in percentage of average employee	7.87 %	14.44 %
Remuneration of supervisors	$ -	-

The Company's compensation policies are as follows:

(i) Director

1) Directors' reward is considered their participation in the operations and contribution and is agreed upon according to the usual standards of the industry.

2) Directors' remuneration is calculated in accordance with the Articles, which is no more than 5% of the distributable profit. Independent directors cannot participate in the distribution of directors' remuneration.

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

3) Director attendance fee is paid at a fixed fee according to the personal attendance at the Board of Directors.

(ii) Manager

1) Fixed salary is paid on a monthly basis.

2) Variable salary is based on one's performance grade once approved.

3) Employee remuneration is calculated in accordance with the Articles, which is at least 1% of the distributable profit. It also takes the contribution level to the operation into consideration. The remuneration committee will make recommendations and issue them after the resolution of the Board of Directors.

(iii) Employee

1) Fixed salary is paid on a monthly basis, and the amount depends on the consideration of education level and experience, and the content of the assigned position.

2) Variable salary is based on one's performance grade once approved.

3) Employee remuneration is calculated in accordance with the Articles, which is at least 1% of the distributable profit. It is considered personal performance and special deeds and is approved after evaluation.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Taipei Relocation and Construction Urban Renewal Company	Other receivable	No	$ 15,000	15,000	15,000	-%	Business contact with the creditor	185,045 (Note 2)	-	-	Note 1	-	569,840	569,840

Note 1: The Company, due to business needs, entrusted Taipei Relocation and Construction Urban Renewal Company to carry out the development and integration of the urban renewal. For the aforementioned capital lending, the Company has obtained a promissory note of the same amount issued by the Taipei Relocation and Construction Urban Renewal Company as the guarantee.

Note 2: The amount of business contact with the creditor is the cost of entrusting Taipei Relocation and Construction Urban Renewal Company to develop and integrate the landlord. In addition, the limits of fund financing for the total and individual are weighted by the estimated total development and integration cost of the case.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Northlight Construction Ltd.	Subsidiary	$ 3,056,975	660,000	660,000	660,000	-	5.40 %	6,113,950	Y	-	-
0	〃	Polis International Development Co., Ltd.	Subsidiary	3,056,975	160,000	160,000	130,000	-	1.31 %	6,113,950	Y	-	-
1	Fu Shih Enterprise Corporation	The Company	Parent Company	428,151	246,460	246,460	246,460	246,460	2.02 %	428,151	-	Y	-

Note: The total amount of the Company’s external guarantees and endorsements shall not exceed 50% of the net value of the current period, of which the limit of guarantees and endorsements for a single enterprise shall not exceed 25% of the net value of the current period. The guarantees and endorsements arising from business contact shall not exceed the total amount of transactions with the Company in the most recent year.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousand of Shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Hey Song Corp.	None	Current financial assets at fair value through profit or loss	205	6,667	- %	6,667	
〃	Chung Hwa Pulp Corp.	〃	〃	110	1,777	- %	1,777	
〃	YFY Inc.	〃	〃	45	1,100	- %	1,100	
〃	Chung Hung Steel Corp.	〃	〃	230	6,152	- %	6,152	
〃	Prince Housing & Development Corp.	〃	〃	205	2,149	- %	2,149	
〃	Radium Life Tech Co., Ltd.	〃	〃	534	4,871	- %	4,871	
〃	Evergreen Marine Corp. (Taiwan) Ltd.	〃	〃	250	40,750	- %	40,750	
〃	Yang Ming Merine Transport Copr.	〃	〃	51	3,327	- %	3,327	
〃	Wan Han Lines Ltd.	〃	〃	1	74	- %	74	
〃	Eva Airways Corp.	〃	〃	-	2	- %	2	
〃	Fubon Financial Holding Co., Ltd.	〃	〃	1	59	- %	59	
〃	Cathay Financial Holding Co., Ltd.	〃	〃	-	4	- %	4	

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	China Airlines Ltd.	None	Current financial assets at fair value through profit or loss	480	9,120	- %	9,120	
〃	Gold	〃	〃	-	5,801	- %	5,801	
〃	Prudential Variable Life Insurance (6 years)	〃	〃	3,000	2,812	- %	2,812	
〃	Invesco 3 to 6 Year Maturity Emerging Market Bond Fund	〃	〃	6,000	5,762	- %	5,762	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Land held-for-development	2022.08	406,829	Fully payment as agreed	Chen Chia Ken	Related party	CHOU ○○ and other 10 pegle and HUANG ○○	Non-related party	2021.08	395,902	Bargin (Note)	Construction	

Note: The transaction price takes into consideration of the appraisal price and previous transfer price plus, interest, and should not violate the rules of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Northlight Construction Ltd.	Subsidiary	Purchase	$ 1,564,139 (Note 1)	22.55%	Equivalent to Other Transactions	-	-	(1,147,713)	(96.00)%	
〃	Chen Chia Kan	Other related party	Purchase	459,862 (Note 2)	6.63%	〃	-	-	-	-%	
Northlight Construction Ltd.	The Company	Parent company	Sale	(1,564,139) (Note 1)	(84.02)%	〃	-	-	1,147,713	92.56%	
〃	Huang Ming Construction Corp.	Other related parties	Sale	(127,457) (Note 1)	(6.85)%	〃	-	-	6,615	0.53%	

Note 1: Invoiced amount of the current period.

Note 2: Transaction amount of the current period.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance
					Amount	Action taken		
Northlight Construction Ltd.	The Company	Parent company	$ 1,147,713	1.73	-	-	455,769	-

(ix) Trading in derivative instruments: None.

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousand of Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (In Thousand)	Percentage of ownership	Carrying value			
The Company	Northlight Construction Ltd.	7F., No. 38, Bo'ai Rd., Zhongzheng Dist., Taipei City	Comprehensive construction	$ 911,760	911,760	104,500	100.00 %	815,779	10,250	32,474	
〃	Fu Shih Enterprise Corporation	〃	Rental and sale of housing and commercial building	474,706	474,706	26	100.00 %	490,193	2,267	2,267	
〃	Polis International Development Co., Ltd.	〃	Development of specific districts and hotel operation	2,800,000	2,800,000	200,000	100.00 %	1,269,814	(197,209)	(197,209)	
〃	Derun Venture Capital Co., Ltd.	〃	Venture Investment	1,000	-	100	100.00 %	973	(27)	(27)	

(c) Information on investment in mainland China: None

(d) Major shareholders:

(In number of shares)

Shareholding / Shareholder's Name	Shares	Percentage
Huang Ming Construction Corp.	134,609,348	41.07 %
Huang Jun Investment Corp.	51,957,519	15.85 %

Note: (1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks） on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

(2) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider' s equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(3) The rights and obligation of Huang Hsiang Investment Co., Ltd., was assumed by Huang Ming Construction Corp. On November 9, 2021 due to the merger of Huang Jun Investment Corp. with You Sheng Investment Corp., with the approval of the Ministry of Economic Affairs, that resulted in Huang Jun Investment Corp. to be the sole surviving company who assumed all rights and obligation.

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2022.

Huang Hsiang Construction Corporation

Statement of cash and cash equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Refer to Note 6(a) for details.

Huang Hsiang Construction Corporation

Statement of inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Land held-for-development	Huiguo Section, Xitung District, Taichung City	$ 7,784,073
	Hanzhoung Section of Wan hua District, Taipei City	1,485,819
	2th Subsection of Dunhua Section, Taipei City	1,135,600
	2th Subsection of Zhongzheng Section, Taipei City	1,010,503
	No.76 to No.82 of Mingde Section, Tucheng District, New Taipei City	591,116
	Da'an Section of Tucheng District, New Taipei City	571,764
	No.190 to No191 of Mingde Section, Tucheng District, New Taipei City	524,827
	Leli Section of Tucheng Section, New Taipei City	498,264
	Shuiyuan Section of Shulin District, New Taipei City	407,112
	3th Subsection, Linyi Section of Zhongzheng Section, Taipei City	239,168
	No.456 of Minquan Section, Bangiao District, New Taipei City	197,747
	1th Subsection, Yongji Section of Songshan District, Taipei City	185,045
	Daqi Section of Tucheng District, New Taipei City	136,378
	Others (bulks fot transferation included)	278,455
Subtotal		15,045,871
Construction in Progress	Yonghe Section of Tucheng District, New Taipei City	2,500,229
	No.109 to No.111 of Mingde Section, Tucheng District, New Taipei City	593,802
	No.222 of Mingde Section, Tucheng District, New Taipei City	532,260
	Yun Xiao Section of Tucheng District, New Taipei City	144,757
	Others	575,004
Subtotal		4,346,052
Buildings and land held-for-sale	Royal Residense	5,248,673
	Xin Tian Di (Minsheng E Rd.)	1,266,586
	Huang Hsiang Park	998,348
	Amethyst Place	451,584
	Imperial Jade Seal	421,641
	Lai Ching	409,670
	Royal Garden	307,664
	Huanxi City	282,034
	Golden City Court	249,058
	Laureate	226,106
	Gauguin	122,150
	MRT Jinzhan	114,364
	Broadway No.2	86,531
	Others	145,348
Subtotal		10,329,757
Total		**$ 29,721,680**

Huang Hsiang Construction Corporation

Statement of changes in investments accounted for using the equity method

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Name	Opening balance		Opening balance		Decrease in current period		Ending balance			Market price or net value per share		
	Number of shares (per thousand share)	Amonut	Number of shares (per thousand share)	Amount	Number of shares (per thousand share)	Amount	Number of shares (per thousand share)	% Ownership	Amount	Price (in dollars)	Total price	Collateral or pledge
Northlight Construction Ltd.	104,500	$ 789,173	-	33,190	-	6,584	104,500	100.00 %	815,779	10.92	1,141,073	No
Polis International Development Co., Ltd.	250,000	1,467,023	-	-	50,000	197,209	200,000	100.00 %	1,269,814	6.35	1,269,814	〃
Fu Shih Enterprise Corporation	26	493,386	-	2,267	-	5,460	26	100.00 %	490,193	1,136.46	29,548	〃
Derun Venture Capital Co. Ltd.	-	-	100	1,000	-	27	100	100.00 %	973	9.73	973	〃
		$ 2,749,582		36,457		209,280			2,576,759		2,441,408	

Huang Hsiang Construction Corporation

Statement of changes in property, plant and equipment

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Refer to Note 6(e) for details.

Statement of changes in investment property

Refer to Note 6(f) for details.

Huang Hsiang Construction Corporation

Statement of short-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Type of borrowings	Description	Ending Balance	Contract period	Range of interest rates	Mortgages	Notes
Fiduciary loan	A Bank	$ 200,000	2022.12.09~2023.01.07	Note 1	-	
	B Bank	300,000	2021.10.08~2023.04.28	〃	-	
	C Bank	500,000	2022.11.07~2023.02.07	〃	-	
	Subtotal	1,000,000				
Mortgage	I Bank	305,470	2018.06.29~2030.06.29	Note 2	Land held-for development	
	〃	3,874,100	2021.12.30~2026.12.30	〃	〃	
	A Bank	1,535,000	2022.05.12~2024.05.12	〃	Buildings and land held-for-sale	
	〃	1,376,467	2022.12.12~2024.12.12	〃	〃	
	L Bank	707,751	2021.10.13~2031.10.13	〃	〃	
	〃	134,203	2016.08.26~2026.08.26	〃	〃	
	M Bank	751,000	2022.11.03~2023.01.03	〃	〃	
	〃	720,000	2022.11.03~2023.02.03	〃	Land held-for development	
	N Bank	650,000	2022.10.21~2023.03.15	〃	Building and land held-for-sale	
	F Bank	1,349,100	2022.09.27~2025.09.27	〃	〃	
	H Bank	58,000	2022.12.13~2023.06.09	〃	Land held-for development	
	〃	270,000	2020.09.03~2024.08.17	〃	Construction in progress	
	〃	740,000	2021.06.30~2025.05.27	〃	Land held-for development	
	B Bank	150,000	2022.09.28~2023.03.28	〃	Building and land held-for-sale	
	〃	162,000	2022.12.07~2027.12.07	〃	Land held-for-development	
	C Bank	908,000	2022.11.07~2023.11.07	〃	Buildings and land held-for-sale	
	〃	800,000	2021.01.26~2026.01.26	〃	Land held-for-development	
	〃	590,000	2021.08.09~2025.08.09	〃	〃	
	K Bank	1,486,280	2021.02.22~2023.12.31	〃	Construction in progress	
	〃	200,000	2022.12.30~2023.12.27	〃	Building and land held-for-sale	
	D Bank	1,000,000	2022.02.18~2023.09.01	〃	Property, plant and equipment	
	E Bank	349,000	2022.05.20~2025.05.20	〃	Construction in progress	
	〃	285,600	2022.03.07~2023.03.07	〃	Land held-for-development	
	D Bank	359,000	2021.03.30~2024.03.20	〃	〃	
	〃	290,000	2022.01.07~2023.01.07	〃	〃	
	P Bank	120,000	2022.12.29~2023.06.29	〃	Buildings and land held-for-sale	
	Subtotal	19,170,971				
	Total	**$ 20,170,971**				

Note 1：2.30%~2.69%

Note 2：2.15%~2.85%

Huang Hsiang Construction Corporation

Statement of long-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Creditor	Amount	Contract period	Rate	Mortgages	Notes
M Bank	$ 300,000	2022.05.12~2024.05.12	Note 1	Property, Plant and Equipment	Mortgages
J Bank	29,434	2014.09.26~2024.09.26	〃	Investment Property	〃
J Bank and other 2 bonks	7,759,000	2020.12.29~2025.12.29	〃	〃	〃
D Bank	2,000,000	2021.01.14~2036.01.14	〃	Property, Plant and Equipment	〃
D Bank	600,000	2021.09.08~2023.09.08	Note 2	-	Fiduciaty loan
D Bank	1,600,000	2022.07.06~2024.07.06	〃	-	〃
Less: current portion	1,363,815				
	$ 10,924,619				

Note1: 2.16%~2.49%

Note2: 2.17%

Statement of operating revenue

For the year ended December 31, 2022

Item	Description	Amount	Notes
Sales revenue from land	Surplus houses and land for sale	$ 4,250,065	
Sales revenue from buildings	Surplus houses for sale	2,014,369	
Rent revenue		191,663	
Other operating revenue		23	
Total		**$ 6,456,120**	

Huang Hsiang Construction Corporation

Statement of operating costs

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Notes
Land cost	Surplus houses and land for sale	$ 1,609,066	
Building cost	Surplus houses for sale	1,759,647	
Rental cost		32,122	
Other operating cost		64,820	
		$ 3,465,655	

Statement of selling expenses

Item	Description	Amount	Notes
Advertising		$ 342,476	
Rental		9,933	
Commission		6,810	
Others (Note)		4,329	
		$ 363,548	

Note: The amount of other accounts did not exceed one percent of selling expenses.

Huang Hsiang Construction Corporation

Statement of administrative expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Notes
Tax expense		$ 191,429	
Salaries		98,300	
Donation		37,943	
Utilities		10,521	
Insurance		6,527	
Others (Note)		138,953	
		$ 483,673	

Note: The amount of other accounts did not exceed one percent of administrative expenses.