

**HUANG HSIANG CONSTRUCTION CORPORATION****Parent Company Only Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

Address: 8F., No. 38, Bo'ai Rd., Zhongzheng Dist., Taipei City  
Telephone: (02)2388-2898

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.

## Table of contents

| Contents                                                                                          | Page  |
|---------------------------------------------------------------------------------------------------|-------|
| 1. Cover Page                                                                                     | 1     |
| 2. Table of Contents                                                                              | 2     |
| 3. Independent Auditors' Report                                                                   | 3     |
| 4. Balance Sheets                                                                                 | 4     |
| 5. Statements of Comprehensive Income                                                             | 5     |
| 6. Statements of Changes in Equity                                                                | 6     |
| 7. Statements of Cash Flows                                                                       | 7     |
| 8. Notes to the Financial Statements                                                              |       |
| (1) Company history                                                                               | 8     |
| (2) Approval date and procedures of the financial statements                                      | 8     |
| (3) New standards, amendments and interpretations adopted                                         | 8~9   |
| (4) Summary of material accounting policies                                                       | 9~24  |
| (5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty | 24~25 |
| (6) Explanation of significant accounts                                                           | 25~49 |
| (7) Related-party transactions                                                                    | 49~53 |
| (8) Pledged assets                                                                                | 53    |
| (9) Commitments and contingencies                                                                 | 53~54 |
| (10) Losses Due to Major Disasters                                                                | 54    |
| (11) Subsequent Events                                                                            | 54    |
| (12) Other                                                                                        | 55~56 |
| (13) Other disclosures                                                                            |       |
| (a) Information on significant transactions                                                       | 57~59 |
| (b) Information on investees                                                                      | 59    |
| (c) Information on investment in mainland China                                                   | 59    |
| (d) Major shareholders                                                                            | 59    |
| (14) Segment information                                                                          | 59    |
| 9. List of major account titles                                                                   | 60~68 |



安侯建業聯合會計師事務所  
KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web kpmg.com/tw

## 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 sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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, 2023 and 2022, 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 audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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, 2023. 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, 2023 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 \$3,711,004 thousand, accounted for 95% 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, 2023, the Company's inventory amounted to \$30,620,019 thousand and accounted for 63% of total assets. The valuation of inventory is at the lower of cost or market price, and the market price 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 Tseng, Kuo-Yang and Chen, Chung-Che.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2024

#### **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.

## Balance Sheets

(Expressed in Thousands of New Taiwan Dollars)

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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

|      |                                                                                                                                                                                                                | <b>2023</b>       |             | <b>2022</b>      |            |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------|------------------|------------|
|      |                                                                                                                                                                                                                | <b>Amount</b>     | <b>%</b>    | <b>Amount</b>    | <b>%</b>   |
| 4000 | <b>Operating revenues (Notes 6(q) and 7)</b>                                                                                                                                                                   | \$ 3,911,404      | 100         | 6,456,120        | 100        |
| 5000 | <b>Operating costs (Notes 6(c) and 7)</b>                                                                                                                                                                      | <u>2,009,321</u>  | <u>51</u>   | <u>3,465,655</u> | <u>54</u>  |
|      | <b>Gross profit from operations</b>                                                                                                                                                                            | <u>1,902,083</u>  | <u>49</u>   | <u>2,990,465</u> | <u>46</u>  |
|      | <b>Operating expenses (Note 7):</b>                                                                                                                                                                            |                   |             |                  |            |
| 6100 | Selling expenses (Note 6(g))                                                                                                                                                                                   | 115,698           | 3           | 363,548          | 6          |
| 6200 | Administrative expenses (Notes 6(l), (m) and (r))                                                                                                                                                              | <u>384,870</u>    | <u>10</u>   | <u>483,673</u>   | <u>7</u>   |
|      |                                                                                                                                                                                                                | <u>500,568</u>    | <u>13</u>   | <u>847,221</u>   | <u>13</u>  |
|      | <b>Net operating income</b>                                                                                                                                                                                    | <u>1,401,515</u>  | <u>36</u>   | <u>2,143,244</u> | <u>33</u>  |
|      | <b>Non-operating income and expenses (Note 6(s)):</b>                                                                                                                                                          |                   |             |                  |            |
| 7100 | Interest income                                                                                                                                                                                                | 4,921             | -           | 1,314            | -          |
| 7010 | Other income                                                                                                                                                                                                   | 19,370            | -           | 14,800           | -          |
| 7020 | Other gains and losses, net                                                                                                                                                                                    | 257,415           | 7           | 415,841          | 6          |
| 7050 | Finance costs, net                                                                                                                                                                                             | (536,453)         | (14)        | (448,210)        | (7)        |
| 7070 | Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net                                                                                                   | <u>(237,032)</u>  | <u>(6)</u>  | <u>(162,495)</u> | <u>(2)</u> |
|      |                                                                                                                                                                                                                | <u>(491,779)</u>  | <u>(13)</u> | <u>(178,750)</u> | <u>(3)</u> |
|      | <b>Profit before tax</b>                                                                                                                                                                                       | 909,736           | 23          | 1,964,494        | 30         |
| 7950 | Less: Income tax expenses (Note 6(n))                                                                                                                                                                          | <u>147,966</u>    | <u>4</u>    | <u>68,666</u>    | <u>1</u>   |
|      | <b>Profit</b>                                                                                                                                                                                                  | <u>761,770</u>    | <u>19</u>   | <u>1,895,828</u> | <u>29</u>  |
| 8300 | <b>Other comprehensive income:</b>                                                                                                                                                                             |                   |             |                  |            |
| 8310 | <b>Items that will not be reclassified subsequently to profit or loss</b>                                                                                                                                      |                   |             |                  |            |
| 8311 | Losses on remeasurements of defined benefit plans                                                                                                                                                              | 101               | -           | 406              | -          |
| 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 | 42                | -           | 716              | -          |
|      |                                                                                                                                                                                                                | <u>143</u>        | <u>-</u>    | <u>1,122</u>     | <u>-</u>   |
| 8300 | <b>Other comprehensive income (after tax)</b>                                                                                                                                                                  | <u>143</u>        | <u>-</u>    | <u>1,122</u>     | <u>-</u>   |
| 8500 | <b>Total comprehensive income</b>                                                                                                                                                                              | <u>\$ 761,913</u> | <u>19</u>   | <u>1,896,950</u> | <u>29</u>  |
|      | <b>Earnings per share (Note 6(p))</b>                                                                                                                                                                          |                   |             |                  |            |
| 9750 | Basic earnings per share (Dollars)                                                                                                                                                                             | <u>\$ 2.32</u>    |             | <u>5.78</u>      |            |
| 9850 | Diluted earnings per share (Dollars)                                                                                                                                                                           | <u>\$ 2.32</u>    |             | <u>5.77</u>      |            |

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

|                                                                 | Share capital       |                 | Retained earnings |                                  |                         | Total equity      |
|-----------------------------------------------------------------|---------------------|-----------------|-------------------|----------------------------------|-------------------------|-------------------|
|                                                                 | Ordinary shares     | Capital surplus | Legal reserve     | Unappropriated retained earnings | Total retained earnings |                   |
| <b>Balance at January 1, 2022</b>                               | \$ 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        |
| Profit                                                          | -                   | -               | -                 | 761,770                          | 761,770                 | 761,770           |
| Other comprehensive income                                      | -                   | -               | -                 | 143                              | 143                     | 143               |
| Total comprehensive income for the year ended December 31, 2023 | -                   | -               | -                 | 761,913                          | 761,913                 | 761,913           |
| Appropriation and distribution of retained earnings:            |                     |                 |                   |                                  |                         |                   |
| Legal reserve appropriated                                      | -                   | -               | 189,695           | (189,695)                        | -                       | -                 |
| Cash dividends on ordinary shares                               | -                   | -               | -                 | (1,507,580)                      | (1,507,580)             | (1,507,580)       |
| <b>Balance on December 31, 2023</b>                             | <b>\$ 3,277,348</b> | <b>17,130</b>   | <b>2,771,044</b>  | <b>5,416,711</b>                 | <b>8,187,755</b>        | <b>11,482,233</b> |

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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

|                                                                                                                 | <u>2023</u>        | <u>2022</u>        |
|-----------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Cash flows from operating activities:</b>                                                                    |                    |                    |
| Profit before tax                                                                                               | \$ 909,736         | 1,964,494          |
| Adjustments:                                                                                                    |                    |                    |
| Adjustments to reconcile profit:                                                                                |                    |                    |
| Depreciation expense                                                                                            | 35,257             | 36,720             |
| Amortization expense                                                                                            | 383                | 773                |
| Net losses on financial assets or liabilities at fair value through profit or loss                              | 174                | 34,005             |
| Interest expense                                                                                                | 536,453            | 448,210            |
| Interest income                                                                                                 | (4,921)            | (1,314)            |
| Dividend income                                                                                                 | (19,370)           | (14,800)           |
| Share of losses of subsidiaries, associates and joint ventures accounted for using equity method                | 237,032            | 162,495            |
| Losses on disposal of property, plan and equipment                                                              | 59                 | -                  |
| Gain on disposal of investment properties                                                                       | (238,683)          | (410,642)          |
| Other                                                                                                           | -                  | (1,396)            |
| <b>Total adjustments to reconcile profit</b>                                                                    | <u>546,384</u>     | <u>254,051</u>     |
| <b>Changes in operating assets and liabilities:</b>                                                             |                    |                    |
| Changes in operating assets:                                                                                    |                    |                    |
| (Increase) decrease in financial assets at fair value through profit or loss mandatorily measured at fair value | (463)              | 164,551            |
| Decrease in notes receivable                                                                                    | 30,081             | 21,260             |
| (Increase) decrease in account receivable                                                                       | (25,191)           | 15,141             |
| Decrease in accounts receivable due from related parties                                                        | (59,649)           | -                  |
| Decrease in other receivable                                                                                    | 97                 | 81                 |
| Increase in inventories                                                                                         | (767,362)          | (3,418,278)        |
| (Increase) decrease in prepayments                                                                              | (76,632)           | 38,594             |
| (Increase) decrease in other current assets                                                                     | (2,827)            | 2,970              |
| Increase in other financial assets                                                                              | (231,184)          | (57,484)           |
| Increase in incremental costs of obtaining a contract                                                           | (189,575)          | (114,501)          |
| <b>Total changes in operating assets</b>                                                                        | <u>(1,322,705)</u> | <u>(3,347,666)</u> |
| Changes in operating liabilities:                                                                               |                    |                    |
| Increase in contract liabilities                                                                                | 288,479            | 52,844             |
| (Decrease) increase in notes payable                                                                            | 17,179             | (29,836)           |
| Decrease in notes payable to related parties                                                                    | -                  | (66,100)           |
| Increase (decrease) in accounts payable                                                                         | 152,865            | (10,435)           |
| (Decrease) increase in accounts payable due to related parties                                                  | (816,969)          | 311,810            |
| (Decrease) increase in other payables                                                                           | (95,085)           | 35,325             |
| Increase (decrease) in other current liabilities                                                                | 23,917             | (11,556)           |
| Decrease in net defined benefit liability                                                                       | (312)              | (343)              |
| <b>Total changes in operating liabilities</b>                                                                   | <u>(429,926)</u>   | <u>281,709</u>     |
| <b>Total changes in operating assets and liabilities</b>                                                        | <u>(1,752,631)</u> | <u>(3,065,957)</u> |
| <b>Total adjustments</b>                                                                                        | <u>(1,206,247)</u> | <u>(2,811,906)</u> |
| Cash flows used in operations                                                                                   | (296,511)          | (847,412)          |
| Interest received                                                                                               | 4,921              | 1,314              |
| Dividends received                                                                                              | 29,245             | 26,844             |
| Interest paid                                                                                                   | (683,133)          | (505,388)          |
| Income taxes paid                                                                                               | (71,152)           | (131,114)          |
| <b>Net cash flows used in operating activities</b>                                                              | <u>(1,016,630)</u> | <u>(1,455,756)</u> |

(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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

|                                                                     | <u>2023</u>                | <u>2022</u>             |
|---------------------------------------------------------------------|----------------------------|-------------------------|
| <b>Cash flows from investing activities:</b>                        |                            |                         |
| Acquisition of investments accounted for using equity method        | (30,000)                   | (1,000)                 |
| Acquisition of property, plant and equipment                        | (3,899)                    | (5,329)                 |
| Acquisition of intangible assets                                    | (712)                      | (156)                   |
| Acquisition of investment properties                                | (699,675)                  | (143,402)               |
| Proceeds from disposal of investment properties                     | 373,933                    | 672,438                 |
| Interest paid for capitalization                                    | (178,335)                  | (138,633)               |
| Increase in other financial assets                                  | -                          | (38)                    |
| Decrease in other financial assets                                  | 2,260                      | -                       |
| <b>Net cash flows (used in) generated from investing activities</b> | <u>(536,428)</u>           | <u>383,880</u>          |
| <b>Cash flows from financing activities:</b>                        |                            |                         |
| Increase in short-term borrowings                                   | 5,963,825                  | 6,807,128               |
| Decrease in short-term borrowings                                   | (6,063,741)                | (4,442,140)             |
| Increase in short-term notes and bills payable                      | 2,127,200                  | 120,000                 |
| Decrease in short-term notes and bills payable                      | (30,000)                   | (658,000)               |
| Proceeds from long-term borrowings                                  | 1,645,000                  | 2,000,000               |
| Repayments of long-term borrowings                                  | (736,634)                  | (416,302)               |
| Increase in guarantee deposits                                      | 3,738                      | -                       |
| Decrease in guarantee deposits received                             | -                          | (3,696)                 |
| Payment of lease liabilities                                        | (1,998)                    | (565)                   |
| Cash dividends paid                                                 | (1,507,580)                | (2,064,729)             |
| <b>Net cash flows generated from financing activities</b>           | <u>1,399,810</u>           | <u>1,341,696</u>        |
| <b>Net (decrease) increase in cash and cash equivalents</b>         | <u>(153,248)</u>           | <u>269,820</u>          |
| <b>Cash and cash equivalents at the beginning of period</b>         | <u>1,635,506</u>           | <u>1,365,686</u>        |
| <b>Cash and cash equivalents at the end of period</b>               | <u><u>\$ 1,482,258</u></u> | <u><u>1,635,506</u></u> |

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

### Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

#### (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 14, 2024.

#### (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, 2023:

- 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”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (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, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(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 Company does not expect the following 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”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

#### (4) Summary of material 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.

(Continued)

## 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.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

(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)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

- 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.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

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.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

#### 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)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

(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.

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(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 straightline 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 property, plant and equipment 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 lessee

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)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

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.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

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 lessor

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 'rented 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.

(Continued)

**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.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

#### 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.

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

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 individual contracts. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(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.

(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.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

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.

(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 at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (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 reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

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.

(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 HSIANG CONSTRUCTION CORPORATION for the years ended December 31, 2023 and 2022 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.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

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.

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

|                           | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------|------------------------------|------------------------------|
| Cash on hand              | \$ 1,444                     | 1,447                        |
| Cash in banks             | 1,480,814                    | 1,615,890                    |
| Time deposits             | -                            | 18,169                       |
| Cash and cash equivalents | <u><u>\$ 1,482,258</u></u>   | <u><u>1,635,506</u></u>      |

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

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

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

|                                                                                              | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Financial assets at fair value through profit or loss,<br>mandatorily measured at fair value |                              |                              |
| Non-derivative financial assets                                                              |                              |                              |
| Listed stocks, beneficiary certificates and others                                           | <b>\$ 90,716</b>             | <b>90,427</b>                |

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.

(c) Inventories

|                                               | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------------------|------------------------------|------------------------------|
| Land held-for-development                     | \$ 12,609,511                | 15,045,871                   |
| Construction in progress                      | 9,423,655                    | 4,346,052                    |
| Buildings and land held-for-sale              | <u>8,651,673</u>             | <u>10,394,577</u>            |
| Total                                         | 30,684,839                   | 29,786,500                   |
| Less: Allowance to reduce inventory to market | <u>(64,820)</u>              | <u>(64,820)</u>              |
| Net amount                                    | <b>\$ 30,620,019</b>         | <b>29,721,680</b>            |

- (i) For the years ended December 31, 2022, the Company recognized an inventory valuation loss \$64,820 thousand due to the decreasing value from the carrying amount to the net realized value. Such a loss was recognized as the cost of goods sold. For the year ended December 31, 2023, the Company did not recognize any losses from price reduction.
- (ii) For the years ended December 31, 2023 and 2022, the capitalization rates applied in calculation of construction in progress were 2.55% and 2.07%, 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 a related party, which were approved respectively by the Board of Directors.

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

- (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 inventories, respectively.

- (d) Investments accounted for using equity method

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

|              | December 31,<br>2023 | December 31,<br>2022 |
|--------------|----------------------|----------------------|
| Subsidiaries | \$ <u>2,359,894</u>  | <u>2,576,759</u>     |

- (i) Please refer to the consolidated financial statements for the year ended December 31, 2023.
- (ii) The aforesaid subsidiaries were not pledged as collateral for the years ended December 31, 2023 and 2022 .

- (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, 2023 and 2022 were as follows:

|                                   | Land                | Buildings        | Machinery<br>equipment | Transportation<br>equipment | Other facilities | Total            |
|-----------------------------------|---------------------|------------------|------------------------|-----------------------------|------------------|------------------|
| Cost or deemed cost:              |                     |                  |                        |                             |                  |                  |
| Balance on January 1, 2023        | \$ 1,825,335        | 1,126,674        | 1,425                  | 19,502                      | 3,703            | 2,976,639        |
| Additions                         | -                   | -                | -                      | 3,352                       | 547              | 3,899            |
| Disposals                         | -                   | -                | -                      | (1,460)                     | (1,818)          | (3,278)          |
| Reclassifications                 | (1,708,772)         | (1,078,605)      | -                      | -                           | -                | (2,787,377)      |
| Balance on December 31, 2023      | \$ <u>116,563</u>   | <u>48,069</u>    | <u>1,425</u>           | <u>21,394</u>               | <u>2,432</u>     | <u>189,883</u>   |
| 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      | \$ <u>1,825,335</u> | <u>1,126,674</u> | <u>1,425</u>           | <u>19,502</u>               | <u>3,703</u>     | <u>2,976,639</u> |
| Depreciation and impairment loss: |                     |                  |                        |                             |                  |                  |
| Balance on January 1, 2023        | \$ -                | 69,793           | 79                     | 9,466                       | 2,138            | 81,476           |
| Depreciation for the year         | -                   | 27,356           | 158                    | 3,239                       | 690              | 31,443           |
| Disposals                         | -                   | -                | -                      | (1,460)                     | (1,759)          | (3,219)          |
| Reclassifications                 | -                   | (79,486)         | -                      | -                           | -                | (79,486)         |
| Balance on December 31, 2023      | \$ <u>-</u>         | <u>17,663</u>    | <u>237</u>             | <u>11,245</u>               | <u>1,069</u>     | <u>30,214</u>    |
| 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      | \$ <u>-</u>         | <u>69,793</u>    | <u>79</u>              | <u>9,466</u>                | <u>2,138</u>     | <u>81,476</u>    |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

|                              | <u>Land</u>         | <u>Buildings</u> | <u>Machinery<br/>equipment</u> | <u>Transportation<br/>equipment</u> | <u>Other facilities</u> | <u>Total</u>     |
|------------------------------|---------------------|------------------|--------------------------------|-------------------------------------|-------------------------|------------------|
| Carrying amounts:            |                     |                  |                                |                                     |                         |                  |
| Balance on December 31, 2023 | \$ <u>116,563</u>   | <u>30,406</u>    | <u>1,188</u>                   | <u>10,149</u>                       | <u>1,363</u>            | <u>159,669</u>   |
| Balance on January 1, 2022   | \$ <u>1,825,335</u> | <u>1,086,643</u> | <u>-</u>                       | <u>10,159</u>                       | <u>1,200</u>            | <u>2,923,337</u> |
| Balance on December 31, 2022 | \$ <u>1,825,335</u> | <u>1,056,881</u> | <u>1,346</u>                   | <u>10,036</u>                       | <u>1,565</u>            | <u>2,895,163</u> |

On December 1, 2023, the Company reviewed the purpose of usage and lease of various property and reclassified some of the property to investment properties at their carrying amount when their application were changed, please refer to Note 6(f).

The Company didn't capitalize the interest expense for property, plant and equipment for the years ended December 31, 2023 and 2022.

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

(f) Investment property

The movements in cost, depreciation, and impairment of investment property of the Company for the years ended December 31, 2023 and 2022 were as follows:

|                                             | <u>Land and<br/>land<br/>improvement</u> | <u>Building</u>  | <u>Construction<br/>in progress</u> | <u>Total</u>      |
|---------------------------------------------|------------------------------------------|------------------|-------------------------------------|-------------------|
| Cost or deemed cost:                        |                                          |                  |                                     |                   |
| Balance on January 1, 2023                  | \$ 6,036,397                             | 126,683          | 3,047,598                           | 9,210,678         |
| Additions                                   | -                                        | -                | 878,010                             | 878,010           |
| Disposals                                   | (41,380)                                 | (105,954)        | -                                   | (147,334)         |
| Transfer from inventories                   | 4,280                                    | 14,080           | -                                   | 18,360            |
| Transfer from property, plant and equipment | <u>1,708,772</u>                         | <u>1,078,605</u> | <u>-</u>                            | <u>2,787,377</u>  |
| Balance on December 31, 2023                | \$ <u>7,708,069</u>                      | <u>1,113,414</u> | <u>3,925,608</u>                    | <u>12,747,091</u> |
| 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                                | <u>(105,212)</u>                         | <u>12,895</u>    | <u>-</u>                            | <u>(92,317)</u>   |
| Balance on December 31, 2022                | \$ <u>6,036,397</u>                      | <u>126,683</u>   | <u>3,047,598</u>                    | <u>9,210,678</u>  |
| Depreciation and impairment loss:           |                                          |                  |                                     |                   |
| Balance on January 1, 2023                  | \$ 44,600                                | 23,764           | -                                   | 68,364            |
| Depreciation for the year                   | -                                        | 3,814            | -                                   | 3,814             |
| Disposal                                    | -                                        | (12,084)         | -                                   | (12,084)          |
| Transfer from property, plant and equipment | <u>-</u>                                 | <u>79,486</u>    | <u>-</u>                            | <u>79,486</u>     |
| Balance on December 31, 2023                | \$ <u>44,600</u>                         | <u>94,980</u>    | <u>-</u>                            | <u>139,580</u>    |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

|                              | <b>Land and<br/>land<br/>improvement</b> | <b>Building</b>  | <b>Construction<br/>in progress</b> | <b>Total</b>         |
|------------------------------|------------------------------------------|------------------|-------------------------------------|----------------------|
| Balance on January 1, 2022   | \$ 53,600                                | 40,834           | -                                   | 94,434               |
| Depreciation for the year    | -                                        | 3,217            | -                                   | 3,217                |
| Disposals                    | -                                        | (20,287)         | -                                   | (20,287)             |
| Transfer out                 | (9,000)                                  | -                | -                                   | (9,000)              |
| Balance on December 31, 2022 | <u>\$ 44,600</u>                         | <u>23,764</u>    | <u>-</u>                            | <u>68,364</u>        |
| Carrying amount:             |                                          |                  |                                     |                      |
| Balance on December 31, 2023 | <u>\$ 7,663,469</u>                      | <u>1,018,434</u> | <u>3,925,608</u>                    | <u>12,607,511</u>    |
| Balance on January 1, 2022   | <u>\$ 6,168,926</u>                      | <u>274,120</u>   | <u>2,765,563</u>                    | <u>9,208,609</u>     |
| Balance on December 31, 2022 | <u>\$ 5,991,797</u>                      | <u>102,919</u>   | <u>3,047,598</u>                    | <u>9,142,314</u>     |
| Fair value:                  |                                          |                  |                                     |                      |
| Balance on December 31, 2023 |                                          |                  |                                     | <u>\$ 28,707,333</u> |
| Balance on December 31, 2022 |                                          |                  |                                     | <u>\$ 11,362,714</u> |

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).

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. Since the fair value of investment property cannot be measured reliably, so its carrying amount is its fair value.

For the years ended December 31, 2023 and 2022, 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:

|                           | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------|------------------------------|------------------------------|
| Prepayments               |                              |                              |
| Payment for building bulk | \$ 357,238                   | 369,329                      |
| Other                     | <u>102,586</u>               | <u>13,863</u>                |
|                           | <u>\$ 459,824</u>            | <u>383,192</u>               |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

|                                               | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------------------|------------------------------|------------------------------|
| Incremental costs to obtaining a contract     | <u><u>\$ 349,458</u></u>     | <u><u>159,883</u></u>        |
| Other current financial assets                |                              |                              |
| Restricted deposits                           | \$ 534,039                   | 404,437                      |
| Guarantee deposits for construction contracts | <u>160,384</u>               | <u>58,802</u>                |
|                                               | <u><u>\$ 694,423</u></u>     | <u><u>463,239</u></u>        |
| Other non-current financial assets            |                              |                              |
| Refundable deposits                           | <u><u>\$ 4,208</u></u>       | <u><u>6,468</u></u>          |

(i) Other financial assets

Other financial assets mainly include restricted deposit, guarantee for bank loans, trustee proceeds, 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, 2023 and 2022 were \$4,656 thousand and \$1,806 thousand, respectively.

(iii) Collateral

As of December 31, 2023 and 2022, the other financial assets pledged as collateral for borrowings, please refer to Note 8.

(h) Short-term borrowings

The details were as follows:

|                         | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------------------|------------------------------|------------------------------|
| Unsecured bank loans    | \$ 1,662,385                 | 1,000,000                    |
| Secured bank loans      | <u>17,408,670</u>            | <u>19,170,971</u>            |
| Total                   | <u><u>\$ 19,071,055</u></u>  | <u><u>20,170,971</u></u>     |
| Unused credit line      | <u><u>\$ 17,727,815</u></u>  | <u><u>17,839,120</u></u>     |
| Range of interest rates | <u><u>2.18%~3.25%</u></u>    | <u><u>2.15%~2.85%</u></u>    |

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

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(i) Short-term notes and bills payable

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

| <b>December 31, 2023</b> |                                            |                                    |                     |
|--------------------------|--------------------------------------------|------------------------------------|---------------------|
|                          | <b>Guarantee or acceptance institution</b> | <b>Range of interest rates (%)</b> | <b>Amount</b>       |
| Commercial paper payable | CHINA BILLS FINANCE CORPORATION            | 2.74%                              | \$ 360,000          |
| "                        | INTERNATIONAL BILLS FINANCE CORP.          | 2.94%                              | 2,127,200           |
| Total                    |                                            |                                    | <u>\$ 2,487,200</u> |

| <b>December 31, 2022</b> |                                            |                                    |                   |
|--------------------------|--------------------------------------------|------------------------------------|-------------------|
|                          | <b>Guarantee or acceptance institution</b> | <b>Range of interest rates (%)</b> | <b>Amount</b>     |
| Commercial paper payable | CHINA BILLS FINANCE CORPORATION            | 2.64%                              | <u>\$ 390,000</u> |

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

(j) Long-term borrowings

The details were as follows:

| <b>December 31, 2023</b> |                 |                                    |                 |                      |
|--------------------------|-----------------|------------------------------------|-----------------|----------------------|
|                          | <b>Currency</b> | <b>Range of interest rates (%)</b> | <b>Maturity</b> | <b>Amount</b>        |
| Unsecured bank loans     | TWD             | 2.45%                              | 2024~2025       | \$ 2,800,000         |
| Secured bank loans       | TWD             | 2.29%~2.61%                        | 2024~2036       | 11,396,800           |
| Less: Current portion    |                 |                                    |                 | (3,487,200)          |
| Total                    |                 |                                    |                 | <u>\$ 10,709,600</u> |
| Unused credit line       |                 |                                    |                 | <u>\$ 913,000</u>    |

| <b>December 31, 2022</b> |                 |                                    |                 |                      |
|--------------------------|-----------------|------------------------------------|-----------------|----------------------|
|                          | <b>Currency</b> | <b>Range of interest rates (%)</b> | <b>Maturity</b> | <b>Amount</b>        |
| 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                    |                 |                                    |                 | <u>\$ 10,924,619</u> |
| Unused credit line       |                 |                                    |                 | <u>\$ 665,000</u>    |

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

The Company entered into a syndicated loan agreement of \$8.82 billion with three syndicated lending banks including Land Bank of Taiwan on December 25, 2020, and on October 6, 2023, the Company signed a supplementary contract with the aforementioned parties, increasing the amount to \$9.513 billion. 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, 2023, 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:

|             | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------|------------------------------|------------------------------|
| Current     | <u>\$ 2,035</u>              | <u>1,998</u>                 |
| Non-current | <u>\$ 267,651</u>            | <u>269,686</u>               |

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

The amounts recognized in profit or loss were as follows:

|                                                                | <b>For the years ended December 31<br/>2023</b> | <b>2022</b>   |
|----------------------------------------------------------------|-------------------------------------------------|---------------|
| Interest on lease liabilities                                  | <u>\$ 4,982</u>                                 | <u>5,019</u>  |
| Expenses relating to short-term leases                         | <u>\$ 4,804</u>                                 | <u>11,403</u> |
| Covid-19-related rent concessions (recognized as other income) | <u>\$ -</u>                                     | <u>1,396</u>  |

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

|                               | <b>For the years ended December 31<br/>2023</b> | <b>2022</b>   |
|-------------------------------|-------------------------------------------------|---------------|
| Total cash outflow for leases | <u>\$ 11,784</u>                                | <u>16,987</u> |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(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 inventories.

(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.

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

|                                   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------|------------------------------|------------------------------|
| Less than one year                | \$ 127,279                   | 124,719                      |
| One to two years                  | 124,396                      | 118,094                      |
| Two to three years                | 112,525                      | 117,120                      |
| Three to four years               | 104,218                      | 108,927                      |
| Four to five years                | 100,617                      | 100,450                      |
| More than five years              | <u>1,216,699</u>             | <u>1,313,819</u>             |
| Total undiscounted lease payments | <u><u>\$ 1,785,734</u></u>   | <u><u>1,883,129</u></u>      |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

The rental income from investment property for the years ended December 31, 2023 and 2022, were \$118,681 thousand and \$120,905 thousand, respectively.

For the years ended December 31, 2023 and 2022, the maintenance expenses arising from investment property were \$1,426 thousand and \$8,608 thousand, respectively.

(m) Employee benefits

(i) Defined benefit plans

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

|                                              | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------------------------------------|------------------------------|------------------------------|
| Present value of defined benefit obligations | \$ 8,736                     | 8,668                        |
| Fair value of plan assets                    | (5,723)                      | (5,242)                      |
| Net defined benefit liabilities              | <b><u>\$ 3,013</u></b>       | <b><u>3,426</u></b>          |

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

|                                          | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|------------------------------------------|------------------------------|------------------------------|
| Short-term employee benefits liabilities | <b><u>\$ 837</u></b>         | <b><u>837</u></b>            |

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.

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 \$5,723 thousand as of December 31, 2023. 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.

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

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:

|                                                                                        | <b>For the years ended December 31</b> |                     |
|----------------------------------------------------------------------------------------|----------------------------------------|---------------------|
|                                                                                        | <b>2023</b>                            | <b>2022</b>         |
| Defined benefit obligations on January 1                                               | \$ 8,668                               | 12,122              |
| Current service cost and interest cost                                                 | 91                                     | 39                  |
| Remeasurements loss (gain):                                                            |                                        |                     |
| — Return on plan assets excluding interest income (current interests are not included) | 78                                     | 636                 |
| — Actuarial gain arising from financial assumptions                                    | (101)                                  | (406)               |
| Benefits paid                                                                          | -                                      | (3,723)             |
| Defined benefit obligations on December 31                                             | <u><u>\$ 8,736</u></u>                 | <u><u>8,668</u></u> |

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:

|                                                   | <b>For the years ended December 31</b> |                     |
|---------------------------------------------------|----------------------------------------|---------------------|
|                                                   | <b>2023</b>                            | <b>2022</b>         |
| Fair value of plan assets on January 1            | \$ 5,242                               | 7,947               |
| Interests income                                  | 59                                     | 24                  |
| Remeasurements loss                               |                                        |                     |
| — Return on plan assets excluding interest income | 78                                     | 636                 |
| Contributions paid by the employer                | 344                                    | 359                 |
| Benefits paid                                     | -                                      | (3,724)             |
| Fair value of plan assets on December 31          | <u><u>\$ 5,723</u></u>                 | <u><u>5,242</u></u> |

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:

|                                                                 | <b>For the years ended December 31</b> |                  |
|-----------------------------------------------------------------|----------------------------------------|------------------|
|                                                                 | <b>2023</b>                            | <b>2022</b>      |
| Net interest of net liabilities for defined benefit obligations | <u><u>\$ 32</u></u>                    | <u><u>15</u></u> |
| Administration expenses recognized                              | <u><u>\$ 32</u></u>                    | <u><u>15</u></u> |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

6) Actuarial assumptions

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

|                             | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------|------------------------------|------------------------------|
| Discount rate               | 1.375%                       | 1.500%                       |
| 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 \$118 thousand.

The weighted average lifetime of the defined benefits plans is 7.74 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:

|                             | <b>Influences of defined<br/>benefit obligations</b> |                       |
|-----------------------------|------------------------------------------------------|-----------------------|
|                             | <b>Increase 0.25%</b>                                | <b>Decrease 0.25%</b> |
| December 31, 2023           |                                                      |                       |
| Discount rate               | (70)                                                 | 72                    |
| Future salary increase rate | 71                                                   | (69)                  |
| December 31, 2022           |                                                      |                       |
| Discount rate               | (77)                                                 | 79                    |
| Future salary increase rate | 78                                                   | (76)                  |

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.

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 \$3,084 thousand and \$2,638 thousand for the years ended December 31, 2023 and 2022, respectively. The amounts paid were \$3,081 thousand and \$2,621 thousand, respectively.

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(n) Income taxes

(i) Tax expense

The components of income tax for the years ended December 31, 2023 and 2022 were as follows:

|                                                   | <b>For the years ended December 31</b> |                      |
|---------------------------------------------------|----------------------------------------|----------------------|
|                                                   | <b>2023</b>                            | <b>2022</b>          |
| Current income tax expense                        |                                        |                      |
| Current period                                    | \$ 76,558                              | 18,116               |
| Adjustment to the prior period                    | 354                                    | 37,131               |
| 5% surtax on undistributed earnings               | 9,984                                  | 6,821                |
| Land value increment tax                          | <u>60,989</u>                          | <u>19,240</u>        |
|                                                   | <u>147,885</u>                         | <u>81,308</u>        |
| Deferred tax expense                              |                                        |                      |
| Origination and reversal of temporary differences | <u>81</u>                              | <u>(12,642)</u>      |
| Tax expense from the continuing operation         | <u><b>\$ 147,966</b></u>               | <u><b>68,666</b></u> |

The Company has not recognized the income tax in other comprehensive income for the years ended December 31, 2023 and 2022.

The reconciliation of income tax expense and profit before tax for the years ended December 31, 2023 and 2022 were as followed:

|                                                                        | <b>For the years ended December 31</b> |                      |
|------------------------------------------------------------------------|----------------------------------------|----------------------|
|                                                                        | <b>2023</b>                            | <b>2022</b>          |
| Profit before tax                                                      | \$ 909,736                             | 1,964,494            |
| Income tax expense at domestic statutory tax rate                      | \$ 181,947                             | 392,899              |
| Tax-exempt income                                                      | (217,177)                              | (397,761)            |
| Investments losses (gains)                                             | 47,406                                 | (67,501)             |
| Time difference of fiscal and tax recognition of capitalized interests | 74,580                                 | 74,625               |
| Realized domestic investments losses                                   | 191                                    | 8,369                |
| Prior yeas income tax adjustment                                       | 354                                    | 37,131               |
| Land value increment tax                                               | 60,989                                 | 19,240               |
| 5% surtax on undistributed earnings                                    | 9,984                                  | 6,821                |
| Others                                                                 | <u>(10,308)</u>                        | <u>(5,157)</u>       |
| Total                                                                  | <u><b>\$ 147,966</b></u>               | <u><b>68,666</b></u> |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(ii) Recognized deferred tax assets and liabilities

|                                 | <b>Impairment<br/>loss</b>                                 | <b>Unrealized<br/>foreign<br/>exchange loss</b> | <b>Total</b>  |
|---------------------------------|------------------------------------------------------------|-------------------------------------------------|---------------|
| <b>Deferred tax assets</b>      |                                                            |                                                 |               |
| Balance on January 1, 2023      | \$ 12,964                                                  | -                                               | 12,964        |
| Balance on December 31, 2023    | <u>\$ 12,964</u>                                           | <u>-</u>                                        | <u>12,964</u> |
| Balance on January 1, 2022      | \$ -                                                       | 325                                             | 325           |
| Recognized in profit or loss    | 12,964                                                     | (325)                                           | 12,639        |
| Balance on December 31, 2022    | <u>\$ 12,964</u>                                           | <u>-</u>                                        | <u>12,964</u> |
|                                 | <b>Depreciation<br/>difference from<br/>fiscal and tax</b> | <b>Unrealized<br/>foreign<br/>exchange gain</b> | <b>Total</b>  |
| <b>Deferred tax liabilities</b> |                                                            |                                                 |               |
| Balance on January 1, 2023      | \$ 316                                                     | 6                                               | 322           |
| Recognized in profit or loss    | (9)                                                        | 90                                              | 81            |
| Balance on December 31, 2023    | <u>\$ 307</u>                                              | <u>96</u>                                       | <u>403</u>    |
| Balance on January 1, 2022      | \$ 325                                                     | -                                               | 325           |
| Recognized in profit or loss    | (9)                                                        | 6                                               | (3)           |
| Balance on December 31, 2022    | <u>\$ 316</u>                                              | <u>6</u>                                        | <u>322</u>    |

(iii) The Company's tax returns for the years through 2021 were assessed by the tax authority.

(o) Capital and other equity

As of December 31, 2023 and 2022, 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, 2023 and 2022, were as follows:

|                             | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------|------------------------------|------------------------------|
| Share capital               | \$ 10,531                    | 10,531                       |
| Treasury share transactions | <u>6,599</u>                 | <u>6,599</u>                 |
|                             | <u>\$ 17,130</u>             | <u>17,130</u>                |

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.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

#### (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.

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 6, 2023 and June 1, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

|                                                 | 2022                              |                     | 2021                              |                     |
|-------------------------------------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|
|                                                 | <u>Amount per share (dollars)</u> | <u>Total amount</u> | <u>Amount per share (dollars)</u> | <u>Total amount</u> |
| Dividends distributed to ordinary shareholders: |                                   |                     |                                   |                     |
| Cash                                            | \$ 4.60                           | <u>1,507,580</u>    | 6.30                              | <u>2,064,729</u>    |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

On Mar 14, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

|                                                 | <b>2023</b>                              |                            |
|-------------------------------------------------|------------------------------------------|----------------------------|
|                                                 | <b><u>Amount per share (dollars)</u></b> | <b><u>Total amount</u></b> |
| Dividends distributed to ordinary shareholders: |                                          |                            |
| Cash                                            | \$ 2.3                                   | <u><u>753,790</u></u>      |

(p) Earnings per share

(i) Basic earnings per share

|                                                              | <b><u>For the years ended December 31</u></b> |                    |
|--------------------------------------------------------------|-----------------------------------------------|--------------------|
|                                                              | <b><u>2023</u></b>                            | <b><u>2022</u></b> |
| Profit attributable to ordinary shareholders                 | \$ <u>761,770</u>                             | <u>1,895,828</u>   |
| Weighted average number of ordinary shares (thousand shares) | <u>327,735</u>                                | <u>327,735</u>     |
| Basic earnings per share (dollars)                           | \$ <u><u>2.32</u></u>                         | <u><u>5.78</u></u> |

(ii) Diluted earnings per share

|                                                                                                                | <b><u>For the years ended December 31</u></b> |                       |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------|
|                                                                                                                | <b><u>2023</u></b>                            | <b><u>2022</u></b>    |
| Profit attributable to ordinary shareholders (basic)/(diluted)                                                 | \$ <u>761,770</u>                             | <u>1,895,828</u>      |
| Weighted average number of ordinary shares (thousand shares)                                                   | 327,735                                       | 327,735               |
| Effect of dilutive potential ordinary shares                                                                   |                                               |                       |
| Effect of employee share bonus (thousand shares)                                                               | <u>304</u>                                    | <u>617</u>            |
| Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares) (thousand shares) | <u><u>328,039</u></u>                         | <u><u>328,352</u></u> |
| Diluted earnings per share (dollars)                                                                           | \$ <u><u>2.32</u></u>                         | <u><u>5.77</u></u>    |

(q) Revenue from contracts with customers

(i) The details of revenues were as follows:

|                                       | <b><u>For the years ended December 31</u></b> |                         |
|---------------------------------------|-----------------------------------------------|-------------------------|
|                                       | <b><u>2023</u></b>                            | <b><u>2022</u></b>      |
| Revenue from contracts with customers | \$ 3,711,009                                  | 6,264,457               |
| Rental revenue                        | <u>200,395</u>                                | <u>191,663</u>          |
|                                       | <u><u>\$ 3,911,404</u></u>                    | <u><u>6,456,120</u></u> |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(ii) Disaggregation of revenue from contracts with customers

|                                         | <b>For the years ended December 31</b> |                  |
|-----------------------------------------|----------------------------------------|------------------|
|                                         | <b>2023</b>                            | <b>2022</b>      |
| Primary geographical markets:           |                                        |                  |
| Taiwan                                  | \$ <u>3,711,009</u>                    | <u>6,264,457</u> |
| Major products/services lines:          |                                        |                  |
| Sales of the real estate                | \$ 3,711,004                           | 6,264,434        |
| Other revenue                           | <u>5</u>                               | <u>23</u>        |
|                                         | \$ <u>3,711,009</u>                    | <u>6,264,457</u> |
| Timing of revenue recognition:          |                                        |                  |
| Products transferred at a point in time | \$ <u>3,711,009</u>                    | <u>6,264,457</u> |

(iii) Contract balances

|                                           | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> | <b>January 1,<br/>2022</b> |
|-------------------------------------------|------------------------------|------------------------------|----------------------------|
| Contract liabilities-Sales of real estate | \$ <u>664,226</u>            | <u>375,747</u>               | <u>322,903</u>             |

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$34,950 thousand and \$203,608 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, 2023 and 2022.

(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, 2023 and 2022, the Company estimated its employee remuneration and directors' remuneration were both amounted to \$9,284 thousand and \$20,057 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 2022 and 2021.

(Continued)

**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:

|                                    | <b>For the years ended December 31</b> |              |
|------------------------------------|----------------------------------------|--------------|
|                                    | <b>2023</b>                            | <b>2022</b>  |
| Interest income from bank deposits | \$ 4,921                               | 1,310        |
| Other interest income              | -                                      | 4            |
|                                    | <b>\$ 4,921</b>                        | <b>1,314</b> |

(ii) Other income

The details of other income were as follows:

|                 | <b>For the years ended December 31</b> |             |
|-----------------|----------------------------------------|-------------|
|                 | <b>2023</b>                            | <b>2022</b> |
| Dividend income | \$ 19,370                              | 14,800      |

(iii) Other gains and losses

The details of other gains and losses were as follows:

|                                                                 | <b>For the years ended December 31</b> |                |
|-----------------------------------------------------------------|----------------------------------------|----------------|
|                                                                 | <b>2023</b>                            | <b>2022</b>    |
| Losses on financial assets at fair value through profit or loss | \$ (174)                               | (34,005)       |
| Foreign exchange gains                                          | 477                                    | 1,654          |
| Losses on disposals of property, plant and equipment            | (59)                                   | -              |
| Gains on disposals of investment property                       | 238,683                                | 410,642        |
| Others                                                          | 18,488                                 | 37,550         |
|                                                                 | <b>\$ 257,415</b>                      | <b>415,841</b> |

(iv) Finance costs

The details of finance costs were as follows:

|                                  | <b>For the years ended December 31</b> |                |
|----------------------------------|----------------------------------------|----------------|
|                                  | <b>2023</b>                            | <b>2022</b>    |
| Interest expense                 |                                        |                |
| Bank loans                       | \$ 863,115                             | 645,772        |
| Guarantee deposits               | 1,010                                  | 493            |
| Interest subsidy                 | -                                      | 55             |
| Lease liability interest expense | 4,982                                  | 5,019          |
| Less: capitalized interest       | (332,654)                              | (203,129)      |
|                                  | <b>\$ 536,453</b>                      | <b>448,210</b> |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(t) Financial instruments

(i) Classification of financial instruments

1) Financial assets

|                                                                                           | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Financial assets at fair value through profit or loss                                     |                              |                              |
| Financial assets at fair value through profit or loss, mandatorily measured at fair value | \$ 90,716                    | 90,427                       |
| Financial assets measured at amortized cost                                               |                              |                              |
| Cash and cash equivalents                                                                 | 1,482,258                    | 1,635,506                    |
| Receivables                                                                               | 153,399                      | 98,737                       |
| Other current financial assets                                                            | 694,423                      | 463,239                      |
| Other non-current financial assets                                                        | 4,208                        | 6,468                        |
| Subtotal                                                                                  | 2,334,288                    | 2,203,950                    |
| Total                                                                                     | <b>\$ 2,425,004</b>          | <b>2,294,377</b>             |

2) Financial liabilities

|                                                  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--------------------------------------------------|------------------------------|------------------------------|
| Financial liabilities measured at amortized cost |                              |                              |
| Short-term borrowings                            | \$ 19,071,055                | 20,170,971                   |
| Long-term borrowings (including current portion) | 14,196,800                   | 12,288,434                   |
| Short-term notes and bills payable               | 2,487,200                    | 390,000                      |
| Accrued payables                                 | 654,619                      | 1,393,972                    |
| Lease Liabilities                                | 269,686                      | 271,684                      |
| Guarantee deposits                               | 75,206                       | 71,468                       |
| Total                                            | <b>\$ 36,754,566</b>         | <b>34,586,529</b>            |

(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, 2023 and 2022, the Company has no overdue receivables.

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

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, 2023 and 2022, 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.

|                                      | <u>Carrying<br/>amount</u>  | <u>Contractual<br/>cash flows</u> | <u>Within<br/>1 year</u> | <u>1-3<br/>years</u>    | <u>More than<br/>3 years</u> |
|--------------------------------------|-----------------------------|-----------------------------------|--------------------------|-------------------------|------------------------------|
| <b>December 31, 2023</b>             |                             |                                   |                          |                         |                              |
| Non-derivative financial liabilities |                             |                                   |                          |                         |                              |
| Unsecured bank loans                 | \$ 4,462,385                | 4,563,848                         | 3,195,196                | 751,110                 | 617,542                      |
| Secured bank loans                   | 28,805,470                  | 33,047,148                        | 10,844,803               | 8,707,343               | 13,495,002                   |
| Short-term notes and bills payable   | 2,487,200                   | 2,487,200                         | 2,487,200                | -                       | -                            |
| Accrued payables                     | 654,619                     | 654,619                           | 654,619                  | -                       | -                            |
| Lease Liabilities                    | 269,686                     | 471,150                           | 6,980                    | 13,960                  | 450,210                      |
| Guarantee deposits                   | 75,206                      | 75,206                            | 10,592                   | 10,963                  | 53,651                       |
|                                      | <u><b>\$ 36,754,566</b></u> | <u><b>41,299,171</b></u>          | <u><b>17,199,390</b></u> | <u><b>9,483,376</b></u> | <u><b>14,616,405</b></u>     |
| <b>December 31, 2022</b>             |                             |                                   |                          |                         |                              |
| 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                       |
|                                      | <u><b>\$ 34,586,529</b></u> | <u><b>39,093,597</b></u>          | <u><b>10,930,991</b></u> | <u><b>9,134,938</b></u> | <u><b>19,027,668</b></u>     |

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

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(iv) Market risk

1) Currency risk

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

|                         | December 31, 2023   |                  |       | December 31, 2022   |                  |       |        |
|-------------------------|---------------------|------------------|-------|---------------------|------------------|-------|--------|
|                         | Foreign<br>Currency | Exchange<br>Rate | NTD   | Foreign<br>Currency | Exchange<br>Rate | NTD   |        |
| <u>Financial assets</u> |                     |                  |       |                     |                  |       |        |
| <u>Monetary items</u>   |                     |                  |       |                     |                  |       |        |
| CNY                     | \$                  | 753              | 4.35  | 3,275               | 752              | 4.31  | 3,241  |
| USD                     |                     | 123              | 30.66 | 3,777               | 639              | 30.31 | 19,368 |
| JPY                     |                     | 122,355          | 0.22  | 26,820              | -                | -     | -      |

2) Sensitivity analysis

An increased (decreased) of 1% of the NTD against the USD, CNY, SGD, HKD, and JPY as of December 31, 2023 and 2022, would have increased (decreased) the net profit after tax by \$344 thousand and \$228 thousand respectively. The analysis is performed on the same basis for the years of 2023 and 2022.

3) Foreign exchange gains or losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains (including realized and unrealized) amounted to \$477 thousand and \$1,654 thousand, respectively.

(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 \$328,636 thousand and \$304,851 thousand, and the net income will decrease (increase) by \$202,361 thousand and \$209,200 thousand for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate borrowings.

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(vi) Other market price risk

For the years ended December 31, 2023 and 2022, 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:

|                                              | <u>2023</u>                        | <u>2022</u>                        |
|----------------------------------------------|------------------------------------|------------------------------------|
| <u>Price of securities at reporting date</u> | <u>Net Income</u><br><u>(Loss)</u> | <u>Net Income</u><br><u>(Loss)</u> |
| Increasing 3%                                | \$ <u>1,954</u>                    | \$ <u>2,282</u>                    |
| Decreasing 3%                                | \$ <u>(1,954)</u>                  | \$ <u>(2,282)</u>                  |

(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, 2023 and 2022.

(Continued)

## 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) Accounts 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)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

#### 3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. On December 31, 2023 and 2022, 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, 2023 and 2022.

#### (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, 2023, the Company's capital management strategy is consistent with the prior year as of December 31, 2022, 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, 2023 and 2022, were as follows:

|                                 | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities               | \$ 37,551,142                | 35,005,139                   |
| Less: cash and cash equivalents | <u>(1,482,258)</u>           | <u>(1,635,506)</u>           |
| Net debt                        | 36,068,884                   | 33,369,633                   |
| Total equity                    | <u>11,482,233</u>            | <u>12,227,900</u>            |
| Adjusted equity                 | <b><u>\$ 47,551,117</u></b>  | <b><u>45,597,533</u></b>     |
| Debt-to-equity ratio            | <b><u>76%</u></b>            | <b><u>73%</u></b>            |

#### (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.

| <b>Name of related party</b>                           | <b>Relationship with the Company</b>                 |
|--------------------------------------------------------|------------------------------------------------------|
| 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)        | "                                                    |
| Renai Enterprise Co., Ltd. (Renai Enterprise)          | The entity's chairman is same as the Company         |
| Huang Ming Construction Corp. (Huang Ming)             | The entity's chairman is the director of the Company |
| Chen Chia Ken                                          | Key management personnel                             |
| Liao Nien Chi                                          | "                                                    |
| Liao Lin Shu Hua                                       | "                                                    |
| Liao Yu Hsiang                                         | "                                                    |
| Liao Pei Ju                                            | "                                                    |
| Liao Ling Chun                                         | "                                                    |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(b) Significant transactions with related parties

(i) Sales

- 1) On December 14, 2023, the Company disposed of the buildings and land held for sale to other related party, Huang Ming, by resolution of the Board of Directors. The transaction price was \$606,000 thousand and the gain on disposal was \$238,142 thousand. As of December 31, 2023, the Company had received the associated consideration of \$545,400 thousand according to contract and had completed the registration of transfers. The remaining amount of \$60,600 thousand was also received in full in February 2024.
- 2) The aforementioned prices of buildings and land held for sale transactions have taken into consideration either of previous transfer price plus interest or appraisal report and were determined by the Board of Directors based on the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

(ii) Purchase

- 1) The subsidiary rendered construction service as follows:

| <b>For the year ended<br/>December 31, 2023</b> | <b>Note</b> | <b>Total contract<br/>price</b> | <b>Current billed<br/>amount</b> | <b>Accumulated<br/>billed amount</b> |
|-------------------------------------------------|-------------|---------------------------------|----------------------------------|--------------------------------------|
| Subsidiary-Northlight Construction              | In-progress | \$ <u>13,597,551</u>            | \$ <u>1,593,668</u>              | <u>3,213,073</u>                     |
|                                                 |             |                                 |                                  |                                      |
| <b>For the year ended<br/>December 31, 2022</b> | <b>Note</b> | <b>Total contract<br/>price</b> | <b>Current billed<br/>amount</b> | <b>Accumulated<br/>billed amount</b> |
| Subsidiary-Northlight Construction              | Completed   | \$ 1,303,697                    | 1,132,009                        | 1,303,697                            |
|                                                 | In-progress | 11,442,193                      | 432,130                          | 1,619,405                            |
| Total                                           |             | \$ <u>12,745,890</u>            | <u>1,564,139</u>                 | <u>2,923,102</u>                     |

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

- 2) 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.
- 3) 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.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

- 4) 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.
- 5) 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 related parties as mentioned above, and the remaining amount of \$57,730 thousand was paid in February 2023.
- 6) 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 based on the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

(iii) Receivables from Related Parties

The receivables from related parties were as follow:

| Account                                      | Relationship                     | December 31,<br>2023 | December 31,<br>2022 |
|----------------------------------------------|----------------------------------|----------------------|----------------------|
| Accounts receivable due from related parties | Other related party – Huang Ming | \$ <u>59,649</u>     | <u>-</u>             |

(iv) Payables to related parties

The payables to related parties were as follows:

| Account                                 | Relationship                             | December 31,<br>2023 | December 31,<br>2022 |
|-----------------------------------------|------------------------------------------|----------------------|----------------------|
| Accounts payable due to related parties | Subsidiary – Northlight Construction     | \$ 330,782           | 1,147,713            |
| "                                       | Subsidiary – Polis                       | -                    | 38                   |
| Other payable due to related parties    | Key management personnel – Chen Chia Ken | 100                  | -                    |
|                                         |                                          | \$ <u>330,882</u>    | <u>1,147,751</u>     |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(v) Endorsement and guarantee

- 1) The Company provided bank loan credit endorsement to subsidiaries amounting to \$1,120,000 thousand and \$820,000 thousand, as of December 31, 2023 and 2022, respectively.
- 2) As of December 31, 2023, 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.

(vi) 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, 2023 and 2022 were \$4,038 thousand and \$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.

(vii) others

- 1) For the years ended December 31, 2023 and 2022, the subsidiary provided catering services to the Company amounting to \$448 thousand and \$1,021 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 concerning urban renewal, at the contract price of \$33,333 thousand. As of December 31, 2023, the Company's partial payment of \$3,333 thousand was paid to Huang Ming Construction, which was recorded under construction in progress.
- 4) From January 1 to December 31, 2023, the Company participated with the key management, Liao Nien Chi and Liao Jia Xian, in the renewal project of Daan section, Tucheng District of New Taipei City, but the proportion of common shared areas for related parties is pending approval by the relevant competent authority.
- 5) From January 1 to December 31, 2023, the Company participated with the other related party, Renai Enterprise in the renewal project of Fuxing section, Daan District of Taipei City, but the proportion of common shared areas for related parties is pending approval by the relevant competent authority.

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

(c) Key management personnel compensation

Key management personnel compensation comprised:

|                              | <b>For the years ended December 31</b> |               |
|------------------------------|----------------------------------------|---------------|
|                              | <b>2023</b>                            | <b>2022</b>   |
| Short-term employee benefits | \$ 24,201                              | 36,256        |
| Post-employment benefits     | 403                                    | 417           |
|                              | <b>\$ 24,604</b>                       | <b>36,673</b> |

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

| <b>Pledged assets</b>          | <b>Object</b>                                           | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|--------------------------------|---------------------------------------------------------|--------------------------|--------------------------|
| Other current financial assets | Bank loans, guarantee deposits and trust of real estate | \$ 534,039               | 404,437                  |
| Inventories                    | Bank loans and short-term notes and bills payable       | 29,341,236               | 26,487,075               |
| Investment property            | Bank loans                                              | 12,553,411               | 8,970,313                |
| Property, plant and equipment  | Bank loans                                              | 146,969                  | 2,882,216                |
|                                |                                                         | <b>\$ 42,575,655</b>     | <b>38,744,041</b>        |

**(9) Commitments and contingencies**

(a) Unrecognized contractual commitments

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

|                                | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|--------------------------------|--------------------------|--------------------------|
| Amount of signed contracts     | <b>\$ 6,518,745</b>      | <b>3,332,852</b>         |
| Received amount from contracts | <b>\$ 664,226</b>        | <b>375,747</b>           |

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

|                            | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|----------------------------|--------------------------|--------------------------|
| Amount of signed contracts | <b>\$ -</b>              | <b>72,163</b>            |
| Amount of payment paid     | <b>\$ -</b>              | <b>14,433</b>            |

- (iii) For the year ended December 31, 2023, the guarantee provided by the bank was \$1,239,419 thousand.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

(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 (hereinafter referred to as the “first instance”), and the representative of the corporation in ancestor worship, Chen Yueji in Taipei City, has filed an appeal with the Taiwan High Court. On November 22, 2023, the Taiwan High Court ruled that the former judgment of Taipei District Court was annulled and dismissed the Company’s appeal in first instance. The Company has filed an appeal with the Supreme Court. The case is still pending at the court as of the current reporting date.
- (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 (hereinafter referred to as the “second instance”). During the second instances, the two parties agreed to transfer to mediation, and on June 6, 2023, mediation was established and a transcript of mediation was produced. As of the current reporting date, the Company has paid \$7,873 thousand in accordance with the agreement in the mediation transcripts and the pre-sale house purchasers are required to abandon the remaining right to claim in accordance with the mediation transcripts as agreed upon. Accordingly, the Company has no subsequent obligation of performance in this case after the settling the aforesaid payment.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events:**

The Company was approved by the resolution of Board of Directors on January 5, 2024, to purchase the transferable development rights of historical buildings on two lots of land No.390, 391 at second section of Chengzhong section in Zhongzheng District, Taipei city from Huang and Shining Building Business Co., Ltd. at a price of \$1,146,481 thousand.

(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 item                    | By function | For the years ended December 31 |                   |        |              |                   |        |
|----------------------------|-------------|---------------------------------|-------------------|--------|--------------|-------------------|--------|
|                            |             | 2023                            |                   |        | 2022         |                   |        |
|                            |             | Cost of Sale                    | Operating Expense | Total  | Cost of Sale | Operating Expense | Total  |
| Employee benefits          |             |                                 |                   |        |              |                   |        |
| Salary                     | \$          | -                               | 57,406            | 57,406 | -            | 73,863            | 73,863 |
| Labor and health insurance |             | -                               | 5,597             | 5,597  | -            | 6,053             | 6,053  |
| Pension                    |             | -                               | 3,116             | 3,116  | -            | 2,653             | 2,653  |
| Remuneration of directors  |             | -                               | 14,688            | 14,688 | -            | 24,649            | 24,649 |
| Others                     |             | -                               | 3,433             | 3,433  | -            | 4,493             | 4,493  |
| Depreciation               |             | 30,310                          | 4,947             | 35,257 | 32,122       | 4,598             | 36,720 |
| Depletion                  |             | -                               | -                 | -      | -            | -                 | -      |
| Amortization               |             | -                               | 383               | 383    | -            | 773               | 773    |

For the years ended December 31, 2023 and 2022, the information on the number of employees and employee benefit expense of the Company were as follows:

|                                           | For the years ended December 31 |               |
|-------------------------------------------|---------------------------------|---------------|
|                                           | 2023                            | 2022          |
| Number of employees                       | <u>69</u>                       | <u>67</u>     |
| Number of directors (non-employed)        | <u>9</u>                        | <u>9</u>      |
| Average employee benefit expense          | <u>\$ 1,159</u>                 | <u>1,501</u>  |
| Average employee salary expense           | <u>957</u>                      | <u>1,274</u>  |
| Changes in percentage of average employee | <u>(24.88)%</u>                 | <u>7.87 %</u> |
| Remuneration of supervisors               | <u>\$ -</u>                     | <u>-</u>      |

(Continued)

**HUANG HSIANG CONSTRUCTION CORPORATION**  
**Notes to the Financial Statements**

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.
- 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 1     | -     | 569,840 (Note 2)               | 569,840 (Note 2)                |
| 0      | "                                         | Polis International Development Co., Ltd.                | Other receivable due from related parties | Yes           | 50,000                                                          | 50,000         | -                                     | 3.00 %                                    | The borrower has short-term financing necessities | -                                                   | Business operation               | -              |            | -     | 2,296,447 (Note 3)             | 2,296,447 (Note 3)              |
| 1      | Polis International Development Co., Ltd. | Derun Venture Capital Co., Ltd.                          | Other receivable due from related parties | Yes           | 30,000                                                          | 30,000         | -                                     | 3.00 %                                    | The borrower has short-term financing necessities | -                                                   | Business operation               | -              |            | -     | 2,296,447 (Note 3)             | 2,296,447 (Note 3)              |

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.

Note 3: The limits and the capital and aggregate limits for individual entity are calculated at 20% of the net value of the Company.

##### (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                    | \$ 2,870,558                                                                  | 860,000                                                           | 860,000                                                     | 860,000                               | -                                                         | 7.49 %                                                                                                      | 5,741,117                                      | Y                                                                                |                                                                                  |                                                                                    |
| 0   | "                              | Polis International Development Co., Ltd.  | Subsidiary                    | 2,870,558                                                                     | 260,000                                                           | 260,000                                                     | 210,000                               | -                                                         | 2.26 %                                                                                                      | 5,741,117                                      | Y                                                                                |                                                                                  |                                                                                    |
| 1   | Fu Shih Enterprise Corporation | The Company                                | Parent Company                | 428,151                                                                       | 246,460                                                           | 246,460                                                     | 246,460                               | 246,460                                                   | 2.15 %                                                                                                      | 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.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

(iii) Securities held as of December 31, 2023 (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 | 145                      | \$ 5,816       | - %                         | 5,816      |      |
| "                               | Prince Housing & Development Corp.                          | "                         | "                                                             | 110                      | 2,591          | - %                         | 2,591      |      |
| "                               | YFY Inc.                                                    | "                         | "                                                             | 45                       | 1,467          | - %                         | 1,467      |      |
| "                               | Chung Hung Steel Corp.                                      | "                         | "                                                             | 230                      | 5,991          | - %                         | 5,991      |      |
| "                               | Prince Housing & Development Corp.                          | "                         | "                                                             | 202                      | 2,239          | - %                         | 2,239      |      |
| "                               | Radium Life Tech Co., Ltd.                                  | "                         | "                                                             | 534                      | 5,234          | - %                         | 5,234      |      |
| "                               | Eva Airways Corp.                                           | "                         | "                                                             | 200                      | 28,700         | - %                         | 28,700     |      |
| "                               | Fubon Financial Holding Co., Ltd.                           | "                         | "                                                             | 51                       | 2,606          | - %                         | 2,606      |      |
| "                               | Cathay Financial Holding Co., Ltd.                          | "                         | "                                                             | 2                        | 110            | - %                         | 110        |      |
| "                               | China Airlines Ltd.                                         | "                         | "                                                             | 480                      | 10,392         | - %                         | 10,392     |      |
| "                               | Gold                                                        | "                         | "                                                             | -                        | 6,601          | - %                         | 6,601      |      |
| "                               | Prudential Variable Life Insurance (6 years)                | "                         | "                                                             | 3,000                    | 3,001          | - %                         | 3,001      |      |
| "                               | Invesco 3 to 6 Year Maturity Emerging Market Bond Fund      | "                         | "                                                             | 6,000                    | 5,984          | - %                         | 5,984      |      |
| "                               | FSITC Global Sustainable Impact Investment Multi-Asset Fund | "                         | "                                                             | 10,000                   | 9,984          | - %                         | 9,984      |      |
| Derun Venture Capital Co., Ltd. | FullHope Biomedical Co., Ltd.                               | "                         | "                                                             | 750                      | 28,222         | 1.94 %                      | 28,222     |      |

(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: None

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

| Name of company | Type of property                 | Transaction date | Acquisition date                   | Book value     | Transaction amount        | Amount actually receivable | Gain from disposal | Counter-party | Nature of relationship | Purpose of disposal | Price reference       | Other terms |
|-----------------|----------------------------------|------------------|------------------------------------|----------------|---------------------------|----------------------------|--------------------|---------------|------------------------|---------------------|-----------------------|-------------|
| The Company     | Buildings and land held-for-sale | 2023.10          | Inventory sold thus not applicable | Not applicable | \$ 662,000 (Tax Included) | Fully received as agreed   | Not applicable     | Customer A    | None                   | Earning profit      | Based on Market Price | None        |
| "               | "                                | "                | "                                  | "              | 651,500 (Tax Included)    | "                          | "                  | Customer B    | "                      | "                   | "                     | "           |
| "               | "                                | 2023.12          | "                                  | "              | 606,000 (Tax Included)    | 545,400                    | 238,142            | Customer C    | Other related party    | "                   | Appraisal (Note )     | "           |

Note: Details of the transactions between the Company and other related parties are set out in Note 7.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 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            | \$ 1,593,668 (Note 1) | 49.81%                              | Equivalent to Other Transactions | -                                             | -             | (330,782)                           | (60.30)%                                                |      |
| "                            | Huang Ming Construction Corp. | Other related party    | Sale                | 606,000 (Note 2)      | 15.49%                              | "                                | -                                             | -             | 59,649                              | 43.10%                                                  |      |
| Northlight Construction Ltd. | The Company                   | Subsidiary             | Sale                | (1,593,668) (Note 1)  | (72.31)%                            | "                                | -                                             | -             | 330,782                             | 78.23%                                                  |      |

Note 1: Invoiced amount of the current period.

Note 2: Transaction amount of the current period.

(Continued)

## HUANG HSIANG CONSTRUCTION CORPORATION

### Notes to the Financial Statements

(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         | \$ 330,782     | 2.16          | -       |              | -                                     | -              |

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (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, 2023 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note |
|------------------|-------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|------|
|                  |                                           |                                                       |                                                       | December 31, 2023          | December 31, 2022 | 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 %                | 739,156        | 29,452                          | (66,790)                            |      |
| "                | Fu Shih Enterprise Corporation            | "                                                     | Rental and sale of housing and commercial building    | 474,706                    | 474,706           | 26                              | 100.00 %                | 489,327        | (866)                           | (866)                               |      |
| "                | Polis International Development Co., Ltd. | "                                                     | Development of specific districts and hotel operation | 2,800,000                  | 2,800,000         | 200,000                         | 100.00 %                | 1,102,415      | (167,400)                       | (167,400)                           |      |
| "                | Derun Venture Capital Co., Ltd.           | "                                                     | Venture Investment                                    | 31,000                     | 1,000             | 3,100                           | 100.00 %                | 28,996         | (1,976)                         | (1,976)                             |      |

(c) Information on investment in mainland China: None

(d) Major shareholders:

(In number of shares)

| Shareholder's Name            | Shareholding | 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.

#### (14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

**Huang Hsiang Construction Corporation**  
**Statement of cash and cash equivalents**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Refer to Note 6(a) for details.

**Huang Hsiang Construction Corporation**

**Statement of inventories**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

| <b>Item</b>                      | <b>Description</b>                                                    | <b>Amount</b>               |
|----------------------------------|-----------------------------------------------------------------------|-----------------------------|
| Land held-for-development        | Huiguo Section Xitung District, Taichung City                         | \$ 7,784,073                |
|                                  | 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                     |
|                                  | Daan 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                     |
|                                  | 3th Subsection, Linyi Section of Zhongzheng Section, Taipei City      | 424,227                     |
|                                  | Shuiyuan Section of Shulin District, New Taipei City                  | 407,112                     |
|                                  | No.456 of Minguang 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 transference included)                              | 278,455                     |
|                                  |                                                                       | <u>12,609,511</u>           |
|                                  | Subtotal                                                              |                             |
| Construction in Progress         | Yonghe Section of Tucheng District, New Taipei City                   | 3,070,938                   |
|                                  | Hanzhong Section of Wanhua District, Taipei City                      | 1,530,904                   |
|                                  | Dunhua Section of Songshan District, Taipei City                      | 1,190,063                   |
|                                  | No.109 to No.111 of Mingde Section, Tucheng District, New Taipei City | 762,048                     |
|                                  | No.222 of Mingde Section, Tucheng District, New Taipei City           | 708,185                     |
|                                  | Wende Section of Xinzhuang District, New Taipei City                  | 450,365                     |
|                                  | Yun Xiao Section of Tucheng District, New Taipei City                 | 159,136                     |
|                                  | Others                                                                | 1,552,016                   |
|                                  | Subtotal                                                              | <u>9,423,655</u>            |
| Buildings and land held-for-sale | Royal Residence                                                       | 4,815,009                   |
|                                  | Xin Tian Di (Minsheng E Rd.)                                          | 1,018,935                   |
|                                  | Huang Hsiang Park                                                     | 736,394                     |
|                                  | Amethyst Place                                                        | 421,641                     |
|                                  | Imperial Jade Seal                                                    | 319,217                     |
|                                  | Lai Ching                                                             | 298,438                     |
|                                  | Royal Garden                                                          | 250,570                     |
|                                  | Huanxi City                                                           | 226,106                     |
|                                  | Golden City Court                                                     | 130,813                     |
|                                  | Laureate                                                              | 130,640                     |
|                                  | Gauguin                                                               | 114,364                     |
|                                  | Others                                                                | 124,726                     |
|                                  | Subtotal                                                              | <u>8,586,853</u>            |
|                                  | Total                                                                 | <u><u>\$ 30,620,019</u></u> |

**Huang Hsiang Construction Corporation**

**Statement of changes in investments accounted for using the equity method**

**December 31, 2023**

**(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 |                  | Collateral or pledge |
|-------------------------------------------|---------------------------------------|---------------------|---------------------------------------|---------------|---------------------------------------|----------------|---------------------------------------|-------------|------------------|-------------------------------------|------------------|----------------------|
|                                           | 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      |                      |
| Northlight Construction Ltd.              | 104,500                               | \$ 815,779          | -                                     | -             | -                                     | 76,623         | 104,500                               | 100.00 %    | 739,156          | 11.11                               | 1,160,692        | No                   |
| Polis International Development Co., Ltd. | 200,000                               | 1,269,815           | -                                     | -             | -                                     | 167,400        | 200,000                               | 100.00 %    | 1,102,415        | 5.51                                | 1,102,415        | "                    |
| Fu Shih Enterprise Corporation            | 26                                    | 490,193             | -                                     | -             | -                                     | 866            | 26                                    | 100.00 %    | 489,327          | 1,103.15                            | 28,682           | "                    |
| Derun Venture Capital Co. Ltd.            | 100                                   | 972                 | 3,000                                 | 30,000        | -                                     | 1,976          | 3,100                                 | 100.00 %    | 28,996           | 9.35                                | 28,996           | "                    |
|                                           |                                       | <u>\$ 2,576,759</u> |                                       | <u>30,000</u> |                                       | <u>246,865</u> |                                       |             | <u>2,359,894</u> |                                     | <u>2,320,785</u> |                      |

**Huang Hsiang Construction Corporation**  
**Statement of changes in property, plant and**  
**equipment**  
**For the year ended December 31, 2023**  
**(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, 2023**

**(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      | \$ 300,000       | 2023.10.27~2024.04.27 | Note 1                  | -                                |       |
|                    | B Bank      | 500,000          | 2023.11.07~2024.02.07 | "                       | -                                |       |
|                    | B Bank      | 42,385           | 2023.05.25~2028.05.25 | "                       | -                                |       |
|                    | B Bank      | 329,000          | 2023.10.27~2028.05.25 | "                       | -                                |       |
|                    | B Bank      | 241,000          | 2023.12.29~2028.05.25 | "                       | -                                |       |
|                    | C Bank      | 50,000           | 2023.12.29~2024.01.29 |                         | -                                |       |
|                    | D Bank      | 140,000          | 2023.10.20~2024.04.12 |                         | -                                |       |
|                    | D Bank      | 60,000           | 2023.10.18~2024.04.12 |                         | -                                |       |
|                    | Subtotal    | <u>1,662,385</u> |                       |                         |                                  |       |
| Mortgage           | A Bank      | 150,000          | 2023.09.28~2024.03.28 | Note 2                  | Buildings and land held-for-sale |       |
|                    | A Bank      | 128,250          | 2022.12.07~2027.12.07 | "                       | Land held-for development        |       |
|                    | B Bank      | 663,000          | 2023.11.07~2024.02.07 | "                       | Buildings and land held-for-sale |       |
|                    | B Bank      | 588,000          | 2021.08.09~2026.08.09 | "                       | Property, Plant and Equipm       |       |
|                    | B Bank      | 800,000          | 2021.01.26~2026.01.26 | "                       | Land held-for development        |       |
|                    | E Bank      | 112,500          | 2023.07.18~2028.07.18 | "                       | Buildings and land held-for-sale |       |
|                    | E Bank      | 98,416           | 2016.08.26~2026.08.26 | "                       | Buildings and land held-for-sale |       |
|                    | E Bank      | 137,500          | 2023.07.18~2028.07.18 | "                       | Buildings and land held-for-sale |       |
|                    | E Bank      | 629,112          | 2021.10.13~2031.10.13 | "                       | Buildings and land held-for-sale |       |
|                    | F Bank      | 190,000          | 2023.09.19~2024.09.19 | "                       | Land held-for development        |       |
|                    | F Bank      | 132,200          | 2023.11.29~2024.09.19 | "                       | Land held-for development        |       |
|                    | F Bank      | 24,300           | 2023.12.29~2024.09.19 | "                       | Land held-for development        |       |
|                    | F Bank      | 3,874,100        | 2021.12.30~2026.12.30 | "                       | Land held-for development        |       |
|                    | F Bank      | 305,470          | 2018.06.29~2030.06.29 | "                       | Land held-for development        |       |
|                    | F Bank      | 63,127           | 2023.07.12~2043.07.12 | "                       | Land held-for development        |       |
|                    | G Bank      | 1,233,420        | 2021.02.22~2024.08.31 | "                       | Property, Plant and Equipm       |       |
|                    | G Bank      | 106,000          | 2021.12.30~2024.08.31 | "                       | Property, Plant and Equipm       |       |
|                    | G Bank      | 73,430           | 2022.07.07~2024.08.31 | "                       | Property, Plant and Equipm       |       |
|                    | G Bank      | 73,430           | 2022.12.20~2024.08.31 | "                       | Property, Plant and Equipm       |       |
|                    | G Bank      | 52,450           | 2023.04.26~2024.08.31 | "                       | Property, Plant and Equipm       |       |
|                    | G Bank      | 69,970           | 2023.05.18~2024.08.31 | "                       | Property, Plant and Equipm       |       |
|                    | G Bank      | 41,000           | 2023.08.04~2024.08.31 | "                       | Property, Plant and Equipm       |       |
|                    | G Bank      | 52,000           | 2023.11.17~2024.08.31 | "                       | Property, Plant and Equipm       |       |
|                    | G Bank      | 300,000          | 2023.12.27~2024.12.07 | "                       | Buildings and land held-for-sale |       |
|                    | H Bank      | 750,750          | 2023.12.27~2024.02.27 | "                       | Buildings and land held-for-sale |       |
|                    | H Bank      | 600,000          | 2023.11.24~2024.01.24 | "                       | Land held-for development        |       |
|                    | H Bank      | 120,000          | 2023.12.27~2024.01.24 | "                       | Land held-for development        |       |
|                    | J Bank      | 341,050          | 2021.03.30~2024.03.30 | "                       | Land held-for development        |       |
|                    | J Bank      | 110,000          | 2023.08.11~2024.03.30 | "                       | Land held-for development        |       |
|                    | J Bank      | 290,000          | 2022.01.07~2024.01.07 | "                       | Land held-for development        |       |
|                    | L Bank      | 175,000          | 2023.09.08~2026.09.08 | "                       | Buildings and land held-for-sale |       |

| Type of borrowings | Description | Ending Balance | Contract period       | Range of interest rates | Mortgages                        | Notes |
|--------------------|-------------|----------------|-----------------------|-------------------------|----------------------------------|-------|
|                    | L Bank      | 75,000         | 2023.10.08~2026.10.05 | "                       | Buildings and land held-for-sale |       |
|                    | M Bank      | 100,000        | 2023.11.20~2024.02.20 | "                       | Buildings and land held-for-sale |       |
|                    | M Bank      | 110,000        | 2023.10.26~2024.01.26 | "                       | Buildings and land held-for-sale |       |
|                    | M Bank      | 100,000        | 2023.10.19~2024.01.19 | "                       | Buildings and land held-for-sale |       |
|                    | M Bank      | 100,000        | 2023.12.14~2024.03.14 | "                       | Buildings and land held-for-sale |       |
|                    | D Bank      | 182,500        | 2023.08.10~2024.02.07 | "                       | Buildings and land held-for-sale |       |
|                    | N Bank      | 1,119,293      | 2022.05.12~2024.05.12 | "                       | Buildings and land held-for-sale |       |
|                    | N Bank      | 18,032         | 2022.12.15~2024.12.12 | "                       | Buildings and land held-for-sale |       |
|                    | N Bank      | 1,015,000      | 2022.12.20~2024.12.12 | "                       | Buildings and land held-for-sale |       |
|                    | O Bank      | 93,720         | 2023.12.06~2024.06.26 | "                       | Buildings and land held-for-sale |       |
|                    | P Bank      | 58,000         | 2023.12.06~2024.06.03 | "                       | Land held-for development        |       |
|                    | P Bank      | 270,000        | 2020.09.03~2024.08.17 | "                       | Property, Plant and Equipm       |       |
|                    | P Bank      | 30,000         | 2023.10.03~2024.08.17 | "                       | Property, Plant and Equipm       |       |
|                    | P Bank      | 500,000        | 2021.06.30~2025.05.27 | "                       | Property, Plant and Equipm       |       |
|                    | P Bank      | 240,000        | 2021.07.30~2025.05.27 | "                       | Property, Plant and Equipm       |       |
|                    | P Bank      | 140,000        | 2023.12.27~2025.05.27 | "                       | Property, Plant and Equipm       |       |
|                    | P Bank      | 99,000         | 2023.06.19~2027.07.05 | "                       | Property, Plant and Equipm       |       |
|                    | P Bank      | 67,000         | 2023.10.04~2027.07.05 | "                       | Property, Plant and Equipm       |       |
|                    | Q Bank      | 266,250        | 2023.05.22~2025.05.22 | "                       | Property, Plant and Equipm       |       |
|                    | R Bank      | 191,400        | 2023.03.31~2024.03.31 | "                       | Land held-for development        |       |
|                    | R Bank      | 349,000        | 2022.05.20~2025.05.20 | "                       | Construction in progress         |       |
|                    | Subtotal    | 17,408,670     |                       |                         |                                  |       |
|                    | Total       | \$ 19,071,055  |                       |                         |                                  |       |

Note 1 : 2.18%~3.20%

Note 2 : 2.38%~3.25%

**Huang Hsiang Construction Corporation**  
**Statement of long-term borrowings**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Creditor</u>       | <u>Amount</u>               | <u>Contract period</u> | <u>Rate</u> | <u>Mortgages</u>              | <u>Notes</u>   |
|-----------------------|-----------------------------|------------------------|-------------|-------------------------------|----------------|
| N Bank                | \$ 300,000                  | 2022.05.12~2024.05.12  | Note 1      | Property, Plant and Equipment | Mortgages      |
| O Bank                | 8,204,000                   | 2014.09.26~2024.09.26  | "           | Investment Property           | "              |
| KBank                 | 1,892,800                   | 2021.01.14~2036.01.14  | "           | "                             | "              |
| K Bank                | 170,000                     | 2023.11.14~2024.02.05  | "           | "                             | "              |
| K Bank                | 360,000                     | 2023.11.28~2024.02.26  | "           | "                             | "              |
| K Bank                | 100,000                     | 2023.04.07~2024.04.03  | "           | "                             | "              |
| K Bank                | 256,000                     | 2023.12.18~2024.03.15  | "           | "                             | "              |
| K Bank                | 114,000                     | 2023.12.27~2024.12.26  | "           | "                             | "              |
| K Bank                | 1,600,000                   | 2021.07.16~2024.07.16  | Note 2      | -                             | Fiduciary loan |
| K Bank                | 1,200,000                   | 2023.07.18~2025.07.18  | "           | -                             | "              |
| Less: current portion | <u>(3,487,200)</u>          |                        |             |                               |                |
|                       | <b><u>\$ 10,709,600</u></b> |                        |             |                               |                |
| Note1: 2.29%~2.61%    |                             |                        |             |                               |                |
| Note2: 2.45%          |                             |                        |             |                               |                |

**Statement of operating revenue**  
**For the year ended December 31, 2023**

| <u>Item</u>                  | <u>Description</u>      | <u>Amount</u>              | <u>Notes</u> |
|------------------------------|-------------------------|----------------------------|--------------|
| Sales revenue from land      | Surplus houses for sale | \$ 2,743,693               |              |
| Sales revenue from buildings | "                       | 967,311                    |              |
| Rent revenue                 |                         | 200,395                    |              |
| Other operating revenue      |                         | <u>5</u>                   |              |
| Total                        |                         | <b><u>\$ 3,911,404</u></b> |              |

**Huang Hsiang Construction Corporation**  
**Statement of operating costs**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>   | <u>Description</u>      | <u>Amount</u>              | <u>Notes</u> |
|---------------|-------------------------|----------------------------|--------------|
| Land cost     | Surplus houses for sale | \$ 856,625                 |              |
| Building cost | "                       | 1,122,386                  |              |
| Rental cost   |                         | <u>30,310</u>              |              |
|               |                         | <u><b>\$ 2,009,321</b></u> |              |

**Statement of selling expenses**

| <u>Item</u>          | <u>Description</u> | <u>Amount</u>            | <u>Notes</u> |
|----------------------|--------------------|--------------------------|--------------|
| Advertising          |                    | \$ 104,271               |              |
| Rental               |                    | 3,677                    |              |
| Commission           |                    | 3,422                    |              |
| Other expense (Note) |                    | <u>4,328</u>             |              |
|                      |                    | <u><b>\$ 115,698</b></u> |              |

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, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>          | <u>Description</u> | <u>Amount</u>            | <u>Notes</u> |
|----------------------|--------------------|--------------------------|--------------|
| Tax expense          |                    | \$ 163,344               |              |
| Salaries             |                    | 71,745                   |              |
| Donation             |                    | 10,725                   |              |
| Utilities            |                    | 7,571                    |              |
| Insurance            |                    | 6,773                    |              |
| Other expense (Note) |                    | <u>124,712</u>           |              |
|                      |                    | <u><b>\$ 384,870</b></u> |              |

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