

HUANG HSIANG CONSTRUCTION CORPORATION**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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

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Independent Auditors' Report

To the Board of Directors of Huang Hsiang Construction Corporation:

Opinion

We have audited the financial statements of Huang Hsiang Construction Corporation("the Company"), which comprise the balance sheet as of December 31, 2025 and 2024, 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, 2025 and 2024, 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, 2025. 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, 2025 are stated as follows:

1. Revenue recognition

Refer to Note 4(o) for the accounting policies on revenue recognition and Note 6(s) 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 \$4,795,950 thousand, accounted for 94% 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, 2025, the Company's inventory amounted to \$33,215,040 thousand and accounted for 60% 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 Tsou, Yi-Yun and Chen, Chung-Che.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2026

Notes to Readers

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

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

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

HUANG HSIANG CONSTRUCTION CORPORATION

Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024				December 31, 2025		December 31, 2024	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 864,274	2	2,093,416	4	2100	Short-term borrowings (Note 6(i))	\$ 17,169,910	31	14,154,052	28
1110	Current financial assets at fair value through profit or loss (Note 6(b))	1,306,897	2	721,767	1	2110	Short-term notes and bills payable (Note 6(j))	1,784,600	3	1,736,800	4
1150	Notes receivable, net	805	-	6,236	-	2130	Current contract liabilities (Notes 6(s) and 9)	1,064,021	2	908,218	2
1170	Accounts receivable, net	43,439	-	94,885	-	2150	Notes payable	23,424	-	13,031	-
1200	Other receivables, net	15,261	-	16,798	-	2170	Accounts payable	78,040	-	109,060	-
1210	Other receivables due from related parties, net (Note 7)	29,075	-	-	-	2180	Accounts payable due to related parties (Note 7)	1,282,414	3	1,656,890	3
1220	Current tax assets	41,223	-	-	-	2200	Other payables (Note 7)	168,434	-	340,102	1
1320	Inventories (for construction business), net (Notes 6(c), 7 and 8)	33,215,040	60	28,090,545	55	2230	Current tax liabilities	-	-	248,593	-
1410	Prepayments (Note 6(h))	1,272,807	2	1,244,797	2	2250	Current provisions (Note 6(n))	837	-	837	-
1476	Other current financial assets (Notes 6(h), 7 and 8)	1,134,395	2	1,307,737	3	2280	Current lease liabilities (Notes 6(c), (l) and 7)	5,588	-	2,098	-
1479	Other current assets	84,055	-	48,628	-	2322	Long-term borrowings, current portion (Note 6(k))	1,918,902	4	2,183,340	4
1480	Incremental costs of obtaining a contract (Note 6(h))	352,387	1	309,276	1	2399	Other current liabilities (Note 7)	123,711	-	67,302	-
		38,359,658	69	33,934,085	66			23,619,881	43	21,420,323	42
Non-current assets:						Non-Current liabilities:					
1551	Investments accounted for using equity method (Note 6(d))	1,773,230	3	2,107,641	4	2540	Long-term borrowings (Note 6(k))	16,332,663	30	15,539,260	30
1600	Property, plant and equipment (Notes 6(e) and 8)	167,488	-	169,107	-	2570	Deferred tax liabilities (Note 6(o))	290	-	299	-
1760	Investment property, net (Notes 6(g) and 8)	14,632,181	27	14,819,858	30	2580	Non-current lease liabilities (Notes 6(c), (l) and 7)	297,730	-	268,780	1
1780	Intangible assets	1,008	-	1,181	-	2640	Net defined benefit liability, non-current (Note 6(n))	1,813	-	2,917	-
1755	Right-of-use assets (Notes (f) and 7)	34,146	-	-	-	2645	Guarantee deposits	135,239	-	108,688	-
1980	Other non-current financial assets (Note 6(h))	3,618	-	4,148	-			16,767,735	30	15,919,944	31
1990	Other non-current assets, others (Note 9)	354,896	1	-	-		Total liabilities	40,387,616	73	37,340,267	73
		16,966,567	31	17,101,935	34		Equity (Note 6(p)):				
						3110	Ordinary share	3,797,348	7	3,277,348	7
						3200	Capital surplus	1,532,566	3	17,130	-
						3300	Retained earnings	9,608,695	17	10,401,275	20
							Total equity	14,938,609	27	13,695,753	27
Total assets		\$ 55,326,225	100	51,036,020	100	Total liabilities and equity		\$ 55,326,225	100	51,036,020	100

(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, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(m), (s) and 7)	\$ 5,119,980	100	11,404,733	100
5000	Operating costs (Notes 6(c), (n) and 7)	<u>2,735,460</u>	<u>53</u>	<u>6,177,612</u>	<u>54</u>
	Gross profit from operations	<u>2,384,520</u>	<u>47</u>	<u>5,227,121</u>	<u>46</u>
	Operating expenses (Notes 6(h), (m), (n), (t) and 7):				
6100	Selling expenses	179,740	4	447,897	4
6200	Administrative expenses	<u>529,372</u>	<u>10</u>	<u>588,777</u>	<u>5</u>
		<u>709,112</u>	<u>14</u>	<u>1,036,674</u>	<u>9</u>
	Net operating income	<u>1,675,408</u>	<u>33</u>	<u>4,190,447</u>	<u>37</u>
	Non-operating income and expenses (Note 6(u)):				
7100	Interest income	17,086	-	11,524	-
7010	Other income	38,385	1	2,973	-
7020	Other gains and losses, net	135,335	3	24,652	-
7050	Finance costs, net (Note 7)	(746,824)	(15)	(676,141)	(6)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	<u>(326,495)</u>	<u>(6)</u>	<u>(226,181)</u>	<u>(2)</u>
		<u>(882,513)</u>	<u>(17)</u>	<u>(863,173)</u>	<u>(8)</u>
	Profit before tax	792,895	16	3,327,274	29
7950	Less: Income tax expenses (Note 6(o))	<u>111,416</u>	<u>2</u>	<u>360,440</u>	<u>3</u>
	Profit	<u>681,479</u>	<u>14</u>	<u>2,966,834</u>	<u>26</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	428	-	(5)	-
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	319	-	481	-
		<u>747</u>	<u>-</u>	<u>476</u>	<u>-</u>
8300	Other comprehensive income (after tax)	<u>747</u>	<u>-</u>	<u>476</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 682,226</u>	<u>14</u>	<u>2,967,310</u>	<u>26</u>
	Earnings per share (Note 6(r))				
9750	Basic earnings per share (Dollars)	<u>\$ 1.92</u>		<u>9.05</u>	
9850	Diluted earnings per share (Dollars)	<u>\$ 1.92</u>		<u>9.04</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, 2025 and 2024

(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	
Balance at January 1, 2024	\$ 3,277,348	17,130	2,771,044	5,416,711	8,187,755	11,482,233
Profit	-	-	-	2,966,834	2,966,834	2,966,834
Other comprehensive income	-	-	-	476	476	476
Total comprehensive income for the year ended December 31, 2024	-	-	-	2,967,310	2,967,310	2,967,310
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	76,191	(76,191)	-	-
Cash dividends on ordinary shares	-	-	-	(753,790)	(753,790)	(753,790)
Balance on December 31, 2024	3,277,348	17,130	2,847,235	7,554,040	10,401,275	13,695,753
Profit	-	-	-	681,479	681,479	681,479
Other comprehensive income	-	-	-	747	747	747
Total comprehensive income for the year ended December 31, 2025	-	-	-	682,226	682,226	682,226
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	296,731	(296,731)	-	-
Cash dividends on ordinary shares	-	-	-	(1,474,806)	(1,474,806)	(1,474,806)
Issue of shares	520,000	1,505,842	-	-	-	2,025,842
Share-based payment transaction	-	9,594	-	-	-	9,594
Balance on December 31, 2025	\$ 3,797,348	1,532,566	3,143,966	6,464,729	9,608,695	14,938,609

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, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Profit before tax	\$ 792,895	3,327,274
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	211,270	120,535
Amortization expense	576	480
Net gains on financial assets at fair value through profit or loss	(127,541)	(26,522)
Interest expense	746,824	676,141
Interest income	(17,086)	(11,524)
Dividend income	(38,385)	(2,973)
Share-based payments	33,436	-
Share of losses of subsidiaries, associates and joint ventures accounted for using equity method	326,495	226,181
(Gains) losses on disposal of property, plan and equipment	(26)	323
Total adjustments to reconcile profit	<u>1,135,563</u>	<u>982,641</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss mandatorily measured at fair value	(457,589)	(604,529)
Decrease (increase) in notes receivable	5,431	(5,579)
Decrease (increase) in account receivable	51,446	(16,802)
Decrease in accounts receivable due from related parties	-	59,649
Decrease (increase) in other receivable	1,537	(1,788)
Increase in other receivable due from related parties	(29,075)	-
(Increase) decrease in inventories	(4,885,758)	2,697,813
Increase in prepayments	(382,906)	(784,973)
Increase in other current assets	(35,427)	(10,343)
Decrease (increase) in other financial assets	173,342	(613,314)
(Increase) decrease in incremental costs of obtaining a contract	(43,111)	40,182
Total changes in operating assets	<u>(5,602,110)</u>	<u>760,316</u>
Changes in operating liabilities:		
Increase in contract liabilities	155,803	243,992
Increase (decrease) in notes payable	10,393	(33,276)
Decrease in accounts payable	(31,020)	(62,454)
(Decrease) increase in accounts payable due to related parties	(374,476)	1,326,108
(Decrease) increase in other payables	(176,074)	238,121
Increase in other current liabilities	56,409	5,107
Decrease in net defined benefit liability	(677)	(101)
Total changes in operating liabilities	<u>(359,642)</u>	<u>1,717,497</u>
Total changes in operating assets and liabilities	<u>(5,961,752)</u>	<u>2,477,813</u>
Total adjustments	<u>(4,826,189)</u>	<u>3,460,454</u>
Cash flows (used in) generated from operations	(4,033,294)	6,787,728
Interest received	17,086	11,524
Dividends received	46,620	29,526
Interest paid	(981,155)	(845,264)
Income taxes paid	(401,240)	(164,889)
Net cash flows (used in) generated from operating activities	<u>(5,351,983)</u>	<u>5,818,625</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, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	198	1,480
Acquisition of property, plant and equipment	(5,668)	(16,740)
Acquisition of intangible assets	(403)	(914)
Acquisition of investment properties	(13,000)	(2,260,148)
Decrease in other financial assets	530	60
Interest paid for capitalization	-	(67,235)
Net cash flows used in investing activities	<u>(18,343)</u>	<u>(2,343,497)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	7,970,742	5,117,023
Decrease in short-term borrowings	(4,954,884)	(10,034,026)
Increase in short-term notes and bills payable	154,400	3,190,600
Decrease in short-term notes and bills payable	(106,600)	(3,941,000)
Proceeds from long-term borrowings	5,275,000	15,230,000
Repayments of long-term borrowings	(4,746,035)	(11,704,200)
Increase in guarantee deposits	26,551	33,482
Payment of lease liabilities	(5,184)	(2,059)
Cash dividends paid	(1,474,806)	(753,790)
Proceeds from issuing shares	2,002,000	-
Net cash flows generated from (used in) financing activities	<u>4,141,184</u>	<u>(2,863,970)</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,229,142)</u>	<u>611,158</u>
Cash and cash equivalents at the beginning of period	<u>2,093,416</u>	<u>1,482,258</u>
Cash and cash equivalents at the end of period	<u><u>\$ 864,274</u></u>	<u><u>2,093,416</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, 2025 and 2024

(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 12, 2026.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards 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, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed 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, 2026, would not have a significant impact on its financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies

The significant accounting policies presented in the financial statements are summarized below. 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

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments 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.

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HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

(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.

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

The Company's principal business activities include engaging construction contractors to build public housing and commercial buildings for lease or sale, operating construction and civil engineering businesses, as well as developing specific professional zones. As the operating cycle for these activities exceeds one year, the Company uses one operating cycle as the basis for classifying related assets and liabilities into current and non current.

As for the other accounts, the Company classifies its asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset 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.

Except for entities that classify their current and noncurrent liabilities based on operating cycle criterion, the Company classifies its asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(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.

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HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through profit or loss (FVTPL)

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

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

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HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

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:

- 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.

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HUANG HSIANG CONSTRUCTION CORPORATION

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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.

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.

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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.

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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.

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HUANG HSIANG CONSTRUCTION CORPORATION
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(ii) Subsequent expenditure

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a 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.

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

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

- 1) fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 5) there is any lease modifications

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

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

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

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

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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.

(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.

(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.

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Notes to the Financial Statements

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.

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:

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HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

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.

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.

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Notes to the Financial Statements

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.

(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.

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HUANG HSIANG CONSTRUCTION CORPORATION

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

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

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

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

(iii) Short-term employee benefits

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

(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;

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- (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.

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, 2025 and 2024 for operating segments information.

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HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

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

In preparing these parent company only financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

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(g), classification of investment property.

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

(a) Valuation of inventories

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

(b) Impairment of investment property

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

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HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	\$ 1,434	1,431
Cash in banks	791,323	2,022,607
Time deposits	71,517	69,378
Cash and cash equivalents	<u>\$ 864,274</u>	<u>2,093,416</u>

Please refer Note 6(v) for the disclosure of the Company's financial assets and liabilities interest risk and sensitivity analysis.

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

	December 31, 2025	December 31, 2024
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Non-derivative financial assets		
Listed stocks, beneficiary certificates and others	<u>\$ 1,306,897</u>	<u>721,767</u>

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

	December 31, 2025	December 31, 2024
Prepayment for land	\$ -	61,133
Land held-for-development	15,164,390	11,720,680
Construction in progress	11,970,316	9,040,042
Buildings and land held-for-sale	6,080,334	7,368,690
Total	33,215,040	28,190,545
Less: Allowance to reduce inventory to market	-	(100,000)
Net amount	<u>\$ 33,215,040</u>	<u>28,090,545</u>

- (i) For the year ended December 31, 2025, an inventory reversal gain of NT\$100,000 thousand was recognized as a result of inventory sellthrough. For the year ended December 31, 2024, the Company recognized an inventory valuation loss of \$35,180 thousand as the cost of goods sold due to the decreasing value from the carrying amount to the net realized value.

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HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

- (ii) For the years ended December 31, 2025 and 2024, the capitalization rates applied in calculation of construction in progress were 2.78% and 2.74%, respectively. The amounts of capitalization, please refer to the Note 6(u).
 - (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 by the Board of Directors.
 - (vi) On July 2, 2021, the Company entered into an agreement with National the Property Administration, MOF for the establishment of the superficies on the public land located at No.9 of 2th Subsection Dunhua Section, Songshan District, Taipei City, with a contract term maturing on July 1, 2091. According to the contract, aside from the paid superficial royalty of \$853,506 thousand, the Company also has to pay the fixed rent calculated based on 2.5% of the declared land value during the year the contract was signed, together with the rent calculated based on 1% of the declared land value of the current year, adjusted along with the annual declared land value. As a result, the Company recognized the above transaction and its related assets as lease liability and 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, 2025	December 31, 2024
Subsidiaries	\$ 1,773,230	2,107,641

- (i) Please refer to the consolidated financial statements for the year ended December 31, 2025.
 - (ii) The aforesaid subsidiaries were not pledged as collateral for the years ended December 31, 2025 and 2024 .
- (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, 2025 and 2024 were as follows:

	Land	Buildings	Machinery equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2025	\$ 116,563	48,069	1,425	22,012	6,164	9,419	203,652
Additions	-	3,134	-	625	1,909	-	5,668
Reclassification	-	9,419	-	-	-	(9,419)	-
Disposals	-	-	-	-	(817)	-	(817)
Balance on December 31, 2025	\$ 116,563	60,622	1,425	22,637	7,256	-	208,503

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Other facilities</u>	<u>Construction in progress</u>	<u>Total</u>
Balance on January 1, 2024	\$ 116,563	48,069	1,425	21,394	2,432	-	189,883
Additions	-	-	-	3,380	3,941	9,419	16,740
Disposals	-	-	-	(2,762)	(209)	-	(2,971)
Balance on December 31, 2024	<u>\$ 116,563</u>	<u>48,069</u>	<u>1,425</u>	<u>22,012</u>	<u>6,164</u>	<u>9,419</u>	<u>203,652</u>
Depreciation and impairment loss:							
Balance on January 1, 2025	\$ -	18,522	395	13,924	1,704	-	34,545
Depreciation for the year	-	1,809	159	3,561	1,586	-	7,115
Disposals	-	-	-	-	(645)	-	(645)
Balance on December 31, 2025	<u>\$ -</u>	<u>20,331</u>	<u>554</u>	<u>17,485</u>	<u>2,645</u>	<u>-</u>	<u>41,015</u>
Balance on January 1, 2024	\$ -	17,663	237	11,245	1,069	-	30,214
Depreciation for the year	-	859	158	3,638	844	-	5,499
Disposals	-	-	-	(959)	(209)	-	(1,168)
Balance on December 31, 2024	<u>\$ -</u>	<u>18,522</u>	<u>395</u>	<u>13,924</u>	<u>1,704</u>	<u>-</u>	<u>34,545</u>
Carrying amounts:							
Balance on December 31, 2025	<u>\$ 116,563</u>	<u>40,291</u>	<u>871</u>	<u>5,152</u>	<u>4,611</u>	<u>-</u>	<u>167,488</u>
Balance on January 1, 2024	<u>\$ 116,563</u>	<u>30,406</u>	<u>1,188</u>	<u>10,149</u>	<u>1,363</u>	<u>-</u>	<u>159,669</u>
Balance on December 31, 2024	<u>\$ 116,563</u>	<u>29,547</u>	<u>1,030</u>	<u>8,088</u>	<u>4,460</u>	<u>9,419</u>	<u>169,107</u>

The Company didn't capitalize the interest expense for property, plant and equipment for the years ended December 31, 2025 and 2024.

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

(f) Right-of-use assets

Information about land leases for which the Company as a lessee is presented below:

	<u>Buildings</u>
Cost:	
Balance on January 1, 2025	\$ -
Additions	<u>37,624</u>
Balance on December 31, 2025	<u>\$ 37,624</u>
Accumulated depreciation and impairment losses:	
Balance on January 1, 2025	\$ -
Depreciation	<u>3,478</u>
Balance on December 31, 2025	<u>\$ 3,478</u>
Carrying amount:	
Balance on December 31, 2025	<u>\$ 34,146</u>

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HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

On January 16, 2025, the Company's Board of Directors resolved to lease an office building located in Zhongzheng District, Taipei City, at the amount of NT\$44,762 thousand (business tax included), from a related party, Huang Ming Construction Corp., with a lease period that runs from February 1, 2025 to December 31, 2034, resulting in the right-of-use asset of NT\$37,624 thousand to be recognized. Please refer to Note 7.

(g) Investment property

The movements in cost, depreciation, and impairment of investment property of the Company for the years ended December 31, 2025 and 2024 were as follows:

	Land and land improvement	Building	Construction in progress	Total
Cost or deemed cost:				
Balance on January 1, 2025	\$ 7,708,069	7,366,405	-	15,074,474
Additions	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>
Balance on December 31, 2025	<u>\$ 7,708,069</u>	<u>7,379,405</u>	<u>-</u>	<u>15,087,474</u>
Balance on January 1, 2024	\$ 7,708,069	1,113,414	3,925,608	12,747,091
Additions	<u>-</u>	<u>-</u>	<u>2,327,383</u>	<u>2,327,383</u>
Transfer from construction in progress	<u>-</u>	<u>6,252,991</u>	<u>(6,252,991)</u>	<u>-</u>
Balance on December 31, 2024	<u>\$ 7,708,069</u>	<u>7,366,405</u>	<u>-</u>	<u>15,074,474</u>
Depreciation and impairment loss:				
Balance on January 1, 2025	\$ 44,600	210,016	-	254,616
Depreciation for the year	<u>-</u>	<u>200,677</u>	<u>-</u>	<u>200,677</u>
Balance on December 31, 2025	<u>\$ 44,600</u>	<u>410,693</u>	<u>-</u>	<u>455,293</u>
Balance on January 1, 2024	\$ 44,600	94,980	-	139,580
Depreciation for the year	<u>-</u>	<u>115,036</u>	<u>-</u>	<u>115,036</u>
Balance on December 31, 2024	<u>\$ 44,600</u>	<u>210,016</u>	<u>-</u>	<u>254,616</u>
Carrying amount:				
Balance on December 31, 2025	<u>\$ 7,663,469</u>	<u>6,968,712</u>	<u>-</u>	<u>14,632,181</u>
Balance on January 1, 2024	<u>\$ 7,663,469</u>	<u>1,018,434</u>	<u>3,925,608</u>	<u>12,607,511</u>
Balance on December 31, 2024	<u>\$ 7,663,469</u>	<u>7,156,389</u>	<u>-</u>	<u>14,819,858</u>
Fair value:				
Balance on December 31, 2025				<u>\$ 23,185,507</u>
Balance on December 31, 2024				<u>\$ 28,243,579</u>

- (i) 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(m) for other related information (including rental income and direct operating expenses arising from investment property that generate rental income).

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HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

- (ii) 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.
- (iii) The Company's investment property, recognized as interest capitalization in 2024, was calculated based on the capitalization rate; please refer to Note 6(u). There was no such transaction in 2025.
- (iv) Information for the aforesaid investment property pledged as collateral, please refer to Note 8.
- (h) Other current assets and other non-current assets

The details were as follows:

	December 31, 2025	December 31, 2024
Prepayments		
Payment for building bulk	\$ 1,008,474	1,107,541
Offset against business tax payable	248,140	128,390
Other	16,193	8,866
	<u>\$ 1,272,807</u>	<u>1,244,797</u>
Incremental costs to obtaining a contract	<u>\$ 352,387</u>	<u>309,276</u>
Other current financial assets		
Restricted deposits	\$ 865,284	965,468
Guarantee deposits for construction contracts	269,111	342,269
	<u>\$ 1,134,395</u>	<u>1,307,737</u>
Other non-current financial assets		
Refundable deposits	<u>\$ 3,618</u>	<u>4,148</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, 2025 and 2024 were \$118,151 thousand and \$196,611 thousand, respectively.

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HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(iii) Collateral

As of December 31, 2025 and 2024, the other financial assets pledged as collateral for borrowings, please refer to Note 8.

(i) Short-term borrowings

The details were as follows:

	December 31, 2025	December 31, 2024
Unsecured bank loans	\$ 3,269,885	2,061,010
Secured bank loans	13,900,025	12,093,042
Total	<u><u>\$ 17,169,910</u></u>	<u><u>14,154,052</u></u>
Unused credit line	<u><u>\$ 16,390,615</u></u>	<u><u>17,330,490</u></u>
Range of interest rates	<u><u>2.303%~3.32%</u></u>	<u><u>2.30%~3.22%</u></u>

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

(j) Short-term notes and bills payable

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

December 31, 2025			
	Guarantee or acceptance institution	Range of interest rates (%)	Amount
Commercial paper payable	CHINA BILLS FINANCE CORPORATION	2.64%	\$ 279,000
"	INTERNATIONAL BILLS FINANCE CORP.	3.10%	1,505,600
Total			<u><u>\$ 1,784,600</u></u>
December 31, 2024			
	Guarantee or acceptance institution	Range of interest rates (%)	Amount
Commercial paper payable	CHINA BILLS FINANCE CORPORATION	2.52%	\$ 285,600
"	INTERNATIONAL BILLS FINANCE CORP.	3.10%	1,451,200
Total			<u><u>\$ 1,736,800</u></u>

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

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(k) Long-term borrowings

The details were as follows:

December 31, 2025				
	Currency	Range of interest rates (%)	Maturity	Amount
Unsecured bank loans	TWD	2.50%~2.60%	2027	\$ 1,245,000
Secured bank loans	TWD	2.42%~2.68%	2027~2036	17,006,565
Less: Current portion				(1,918,902)
Total				<u><u>\$ 16,332,663</u></u>
Unused credit line				<u><u>\$ 1,014,695</u></u>

December 31, 2024				
	Currency	Range of interest rates (%)	Maturity	Amount
Unsecured bank loans	TWD	2.50%~2.58%	2025~2026	\$ 1,320,000
Secured bank loans	TWD	2.42%~2.68%	2025~2036	16,402,600
Less: Current portion				(2,183,340)
Total				<u><u>\$ 15,539,260</u></u>
Unused credit line				<u><u>\$ 1,842,000</u></u>

- (i) The Company entered into a syndicated loan agreement of \$15.48 billion with nine syndicated lending banks, including Land Bank of Taiwan, on September 10, 2024. The funds obtained from the joint loan project were the funds required to pay off the outstanding balance of the joint loan project before the signing date, repay loans from financial institutions and support investment funds, as well as enrich medium and long-term operating working capital and green building performance bond guarantees. The credit periods of items A, B and C in this credit proposal are ten years, five years and five years, respectively. This credit facility provides the first priority maximum mortgage on land in Datong District, Taipei City and the newly built building on it (listed as investment real estate) to the management bank. According to the terms of the loan agreement, the Company should maintain no less than the specific interest coverage ratio and the amount of tangible net value during the loan period. As of December 31, 2025, the Company did not violate the aforementioned loan agreement.
- (ii) The Company and its related party, Qinglong Development Co.,Ltd. (Qinglong), jointly entered into a syndicated loan agreement with First Commercial Bank, Taiwan Bank, and Chang Hwa Commercial Bank for a total facility amount of NT\$7 billion on September 30, 2025. For related information, please refer to Note 7.
- (iii) The Company had assets pledged as the collateral for bank borrowings, please refer to Note 8.

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HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(l) Lease liabilities

The Company's lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	\$ 5,588	2,098
Non-current	\$ 297,730	268,780

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31 2025	2024
Interest on lease liabilities	\$ 5,821	5,005
Expenses relating to short-term leases	\$ 5,011	4,186

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

	For the years ended December 31 2025	2024
Total cash outflow for leases	\$ 16,016	11,250

(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) The Company leases the third-floor office from a the related party, Huang Ming Construction Corp. Please refer to Note 7.

(iii) 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.

(m) 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(g) for more information about the operating leases of property, plant and equipment and investment property.

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HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

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:

	December 31, 2025	December 31, 2024
Less than one year	\$ 359,677	232,392
One to two years	355,571	238,223
Two to three years	347,446	128,365
Three to four years	312,370	220,431
Four to five years	202,947	195,266
More than five years	<u>1,394,705</u>	<u>1,131,913</u>
Total undiscounted lease payments	<u>\$ 2,972,716</u>	<u>2,146,590</u>

The rental income from investment property for the years ended December 31, 2025 and 2024, were \$253,655 thousand and \$145,014 thousand, respectively.

For the years ended December 31, 2025 and 2024, the maintenance expenses arising from investment property were \$16,011 thousand and \$2,459 thousand, respectively.

(n) Employee benefits

(i) Defined benefit plans

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

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	\$ 9,486	9,336
Fair value of plan assets	<u>(7,673)</u>	<u>(6,419)</u>
Net defined benefit liabilities	<u>\$ 1,813</u>	<u>2,917</u>

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

	December 31, 2025	December 31, 2024
Short-term employee benefits liabilities	<u>\$ 837</u>	<u>837</u>

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.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

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 \$7,673 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31	
	2025	2024
Defined benefit obligations on January 1	\$ 9,336	8,736
Current service cost and interest cost	110	84
Remeasurements loss (gain):		
— Return on plan assets excluding interest income (current interests are not included)	-	511
— Actuarial losses arising from experience adjustment	10	-
— Actuarial losses arising from financial assumptions	30	5
Defined benefit obligations on December 31	<u><u>\$ 9,486</u></u>	<u><u>9,336</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:

	For the years ended December 31	
	2025	2024
Fair value of plan assets on January 1	\$ 6,419	5,723
Interests income	82	60
Remeasurements gain		
— Return on plan assets excluding interest income	468	511
Contributions paid by the employer	704	125
Fair value of plan assets on December 31	<u><u>\$ 7,673</u></u>	<u><u>6,419</u></u>

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

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HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

5) Expenses recognized in profit or loss

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

	For the years ended December 31	
	2025	2024
Net interest of net liabilities for defined benefit obligations	\$ <u>28</u>	<u>24</u>
Administration expenses recognized	\$ <u>28</u>	<u>24</u>

6) Actuarial assumptions

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

	December 31, 2025	December 31, 2024
Discount rate	1.625 %	1.750 %
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 \$128 thousand.

The weighted average lifetime of the defined benefits plans is 7.06 years.

7) Sensitivity analysis

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

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2025		
Discount rate	\$ (60)	61
Future salary increase rate	60	(59)
December 31, 2024		
Discount rate	(65)	67
Future salary increase rate	66	(64)

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

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 \$3,797 thousand and \$3,468 thousand for the years ended December 31, 2025 and 2024, respectively. The amounts paid were \$3,790 thousand and \$3,432 thousand, respectively.

(o) Income taxes

(i) Tax expense

The components of income tax for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31	
	2025	2024
Current income tax expense		
Current period	\$ -	255,287
Adjustment to the prior period	(22,362)	(80,297)
5% surtax on undistributed earnings	59,789	-
Land value increment tax	73,998	172,590
	<u>111,425</u>	<u>347,580</u>
Deferred tax expense		
Origination and reversal of temporary differences	(9)	12,860
Tax expense from the continuing operation	<u>\$ 111,416</u>	<u>360,440</u>

The Company has not recognized the income tax in other comprehensive income for the years ended December 31, 2025 and 2024.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

The reconciliation of income tax expense and profit before tax for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31	
	2025	2024
Profit before tax	\$ 792,895	3,327,274
Income tax expense at domestic statutory tax rate	158,579	665,455
Tax-exempt income	(188,722)	(405,774)
Investments losses	65,299	45,236
Realized losses from investments	(60,000)	(100,000)
Time difference of fiscal and tax recognition of capitalized interests	63,078	83,488
Realized domestic investments gains	(43,720)	(70)
Prior yeas income tax adjustment	(22,362)	(80,297)
Land value increment tax	73,998	172,590
5% surtax on undistributed earnings	59,789	-
Others	5,477	(20,188)
Total	\$ 111,416	360,440

(ii) Recognized deferred tax assets and liabilities

	Impairment loss
Deferred tax assets	
Balance on January 1, 2024	\$ 12,964
Recognized in profit or loss	(12,964)
Balance on December 31, 2024	\$ -

	Depreciation difference from fiscal and tax	Unrealized foreign exchange gain	Total
Deferred tax liabilities			
Balance on January 1, 2025	\$ 299	-	299
Recognized in profit or loss	(9)	-	(9)
Balance on December 31, 2025	\$ 290	-	290
Balance on January 1, 2024	\$ 307	96	403
Recognized in profit or loss	(8)	(96)	(104)
Balance on December 31, 2024	\$ 299	-	299

(iii) The Company's tax returns for the years through 2023 were assessed by the tax authority.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2025 and 2024, the Company's authorized capital amounted to NT\$4,500,000 thousand and NT\$3,800,000 thousand, representing 450,000 thousand shares and 380,000 thousand shares, respectively, with a par value of NT\$10 per share. The actual numbers of shares issued during both periods were 379,735 thousand shares and 327,735 thousand shares, respectively.

Based on a resolution decided during its board meeting held on March 6, 2025, the Company conducted a cash capital increase on June 30, 2025 by issuing 52,000 thousand shares, at a par value of NT\$10 per share, totaling NT\$520,000 thousand, with the approval of the FSC. The entire proceeds from the issuance of the shares had been fully collected and all relevant registration procedures have been since been completed.

The reconciliation of the number of shares outstanding for the year 2025 is as follows:

(Expressed in thousands of shares)

	Ordinary Shares	
	2025	2024
Beginning balance as of January 1	327,735	327,735
Cash capital increase	52,000	-
Ending balance as of December 31	379,735	327,735

(ii) Capital surplus

The balance of capital surplus of December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Share capital	\$ 1,516,373	10,531
Treasury share transactions	6,599	6,599
Expired employee stock options	9,594	-
	\$ 1,532,566	17,130

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

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

(iii) 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 2024 and 2023 was decided by the resolution adopted, at the general meeting of shareholders held on May 23, 2025 and June 7, 2024, respectively. The relevant dividend distributions to shareholders were as follows:

	2024		2023	
	<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	\$ 4.50	<u>1,474,806</u>	2.30	<u>753,790</u>

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(q) Share-based payment

Based on a resolution decided during its board meeting held on March 6, 2025, the Company conducted a cash capital increase by issuing 5,200 new restricted shares to be subscribed by its employees and those of its subsidiaries'. As of December 31, 2025, the following stock-based remuneration transaction was recognized:

	Equity settlement
	Cash capital increase with shares reserved for employee subscription
Grant Date:	2025.6.10
Number of Shares Granted:	5,200shares
Contract Period:	-
Eligible Participants:	Employees of the Company and its subsidiaries
Vesting Conditions:	Immediate vesting

The above restricted stocks were subscribed for by employees, wherein the Company recognized the employee remuneration of NT\$33,436 in 2025.

(r) Earnings per share

(i) Basic earnings per share

	For the years ended December 31	
	2025	2024
Profit attributable to ordinary shareholders	\$ <u>681,479</u>	<u>2,966,834</u>
Weighted average number of ordinary shares (thousand shares)	<u>354,091</u>	<u>327,735</u>
Basic earnings per share (dollars)	\$ <u>1.92</u>	<u>9.05</u>

(ii) Diluted earnings per share

	For the years ended December 31	
	2025	2024
Profit attributable to ordinary shareholders (basic)/(diluted)	\$ <u>681,479</u>	<u>2,966,834</u>
Weighted average number of ordinary shares (thousand shares)	354,091	327,735
Effect of dilutive potential ordinary shares		
Effect of employee share bonus (thousand shares)	<u>286</u>	<u>568</u>
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares) (thousand shares)	<u>354,377</u>	<u>328,303</u>
Diluted earnings per share (dollars)	\$ <u>1.92</u>	<u>9.04</u>

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(s) Revenue from contracts with customers

(i) Revenues

The details of revenues were as follows:

	For the years ended December 31	
	2025	2024
Revenue from contracts with customers	\$ 4,796,123	11,193,135
Rental revenue	323,857	211,598
	\$ 5,119,980	11,404,733

(ii) Disaggregation of revenue from contracts with customers

	For the years ended December 31	
	2025	2024
Primary geographical markets:		
Taiwan	\$ 4,796,123	11,193,135
Major products/services lines:		
Sales of the real estate	\$ 4,795,950	11,193,065
Other revenue	173	70
	\$ 4,796,123	11,193,135
Timing of revenue recognition:		
Products transferred at a point in time	\$ 4,796,123	11,193,135

(iii) Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities-Sales of real estate	\$ 1,064,021	908,218	664,226

- (i) The amounts of revenue recognized for the years ended December 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$422,337 thousand and \$360,555 thousand, respectively.
- (ii) 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, 2025 and 2024.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

(t) Remunerations to Employees and Directors

On May 23, 2025, the Company resolved at its shareholders' meeting to amend its Articles of Incorporation. Under the revised articles, if the Company incurs profit for the year, the profit should first be used to offset against any accumulated deficits. Thereafter, a minimum of 1% of the profit before tax (in form of stock or cash) shall be appropriated as employee remuneration (of which, a minimum of 35% shall be reserved specifically for frontline employees); recipients may include employees of the Company's subsidiaries who meet certain requirements. Moreover, a maximum of 5% of the remaining profit shall be appropriated as directors' remuneration.

Under the Articles of Incorporation prior to the amendment, if the Company incurs profit for the year, the profit should first be used to offset against any accumulated deficits. Thereafter, a minimum of 1% of the profit before tax (in form of stock or cash) shall be appropriated as employee remuneration; recipients may include employees of the Company's subsidiaries who meet certain requirements. Moreover, a maximum of 5% of the remaining profit shall be appropriated as directors' remuneration.

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration and directors' remuneration were both amounted to \$8,091 thousand and \$33,952 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. If the actual amount distributed in the following year differs from the estimated amount, the difference shall be accounted for as a change in accounting estimate and recognized in the profit or loss of the following year.

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 2024 and 2023.

(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2025	2024
Interest income from bank deposits	\$ 16,210	11,426
Other interest income	876	98
	\$ 17,086	11,524

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2025	2024
Dividend income	\$ 38,385	2,973

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2025	2024
Gains on financial assets at fair value through profit or loss	\$ 127,541	26,522
Foreign exchange gains	(4,245)	(3,222)
Gains (losses) on disposals of property, plant and equipment	26	(323)
Others	12,013	1,675
	<u>\$ 135,335</u>	<u>24,652</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2025	2024
Interest expense		
Bank loans	\$ 981,993	906,430
Guarantee deposits	1,926	1,163
Interest subsidy	787	871
Lease liability interest expense	5,821	5,005
Less: capitalized interest	(243,703)	(237,328)
	<u>\$ 746,824</u>	<u>676,141</u>

(v) Financial instruments

(i) Classification of financial instruments

1) Financial assets

	December 31, 2025	December 31, 2024
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 1,306,897	721,767
Financial assets measured at amortized cost		
Cash and cash equivalents	864,274	2,093,416
Receivables	88,580	117,919
Other current financial assets	1,134,395	1,307,737
Other non-current financial assets	3,618	4,148
Subtotal	<u>2,090,867</u>	<u>3,523,220</u>
Total	<u>\$ 3,397,764</u>	<u>4,244,987</u>

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

2) Financial liabilities

	December 31, 2025	December 31, 2024
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 17,169,910	14,154,052
Long-term borrowings (including current portion)	18,251,565	17,722,600
Short-term notes and bills payable	1,784,600	1,736,800
Accrued payables	1,552,312	2,119,083
Lease Liabilities	303,318	270,878
Guarantee deposits	135,239	108,688
Total	<u>\$ 39,196,944</u>	<u>36,112,101</u>

(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, 2025 and 2024, the Company has no overdue receivables.

3) Receivables and debt securities

Other financial assets at amortized cost are receivables. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. For the years ended December 31, 2025 and 2024, the Company has no allowance provision recognized.

(iii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-3 years	More than 3 years
December 31, 2025					
Non-derivative financial liabilities					
Unsecured bank loans	\$ 4,514,885	4,646,577	1,668,714	2,779,650	198,213
Secured bank loans	30,906,590	33,876,961	9,337,968	6,684,315	17,854,678
Short-term notes and bills payable	1,784,600	1,784,600	1,784,600	-	-
Accrued payables	1,552,312	1,552,312	1,552,312	-	-
Lease Liabilities	303,318	501,392	11,363	22,726	467,303
Guarantee deposits	135,239	135,239	17,954	15,068	102,217
	<u>\$39,196,944</u>	<u>42,497,081</u>	<u>14,372,911</u>	<u>9,501,759</u>	<u>18,622,411</u>

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-3 years</u>	<u>More than 3 years</u>
December 31, 2024					
Non-derivative financial liabilities					
Unsecured bank loans	\$ 3,381,010	3,482,932	1,828,834	1,508,897	145,201
Secured bank loans	28,495,642	31,792,930	5,173,681	8,945,275	17,673,974
Short-term notes and bills payable	1,736,800	1,736,800	1,736,800	-	-
Accrued payables	2,119,083	2,119,083	2,119,083	-	-
Lease Liabilities	270,878	469,767	7,064	14,129	448,574
Guarantee deposits	108,688	108,688	27,804	10,236	70,648
	<u>\$36,112,101</u>	<u>39,710,200</u>	<u>10,893,266</u>	<u>10,478,537</u>	<u>18,338,397</u>

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

(iv) Market risk

1) Currency risk

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

	<u>December 31, 2025</u>			<u>December 31, 2024</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
CNY	\$ 753	4.47	3,366	753	4.45	3,352
USD	2,679	31.35	83,989	2,164	32.74	70,842
JPY	126,768	0.20	25,062	122,357	0.21	25,438

2) Sensitivity analysis

An increased (decreased) of 1% of the NTD against the USD, CNY and JPY as of December 31, 2025 and 2024, would have increased (decreased) the net profit after tax by \$1,129 thousand and \$1,001 thousand respectively. The analysis is performed on the same basis for the years of 2025 and 2024.

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, 2025 and 2024, foreign exchange gains (including realized and unrealized) amounted to \$(4,245) thousand and \$(3,222) thousand, respectively.

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HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(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 \$336,491 thousand and \$325,723 thousand, and the net income will decrease (increase) by \$253,709 thousand and \$240,939 thousand for the years ended December 31, 2025 and 2024, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate borrowings.

(vi) Other market price risk

For the years ended December 31, 2025 and 2024, 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>2025</u>	<u>2024</u>
<u>Price of securities at reporting date</u>	<u>Net Income</u> <u>(Loss)</u>	<u>Net Income</u> <u>(Loss)</u>
Increasing 3%	\$ <u>37,670</u>	<u>20,133</u>
Decreasing 3%	\$ <u>(37,670)</u>	<u>(20,133)</u>

(vii) Fair value of financial instruments

1) Classification of financial instruments and fair value hierarchy

The Company's financial assets measured at fair value value through profit loss are measured at fair value on a recurring basis. The carrying amount and fair value of various types of financial assets and liabilities (including fair value hierarchy information, but information on reasonable approximation of fair value on the carrying amount in financial assets not carried at fair value and lease liabilities are not required to be disclosed by regulations of all types of financial assets and financial liabilities are listed as follows:

	December 31, 2025				
	fair value				
	Book value	Level 1	Level 2	Level 3	total
Financial assets at fair value through profit or loss	\$ 1,306,897	1,306,897	-	-	1,306,897

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

	December 31, 2024				
	fair value				total
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss	<u>\$ 721,767</u>	<u>721,767</u>	<u>-</u>	<u>-</u>	<u>721,767</u>

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) 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.

4) Transfers between Level 1 and Level 2

There are no transfers from each level for the years ended December 31, 2025 and 2024.

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HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

(w) 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, 2025 and 2024, 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(i) and (k) for the Company's unused credit line as of December 31, 2025 and 2024.

(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.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

3) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios. The Company's exposure to equity price risk is mainly due to the equity financial instruments. The Company assigned a specific team to supervise and assess the equity price risk so as to avoid or minimize the risk from the hedging position.

For the sensitivity analysis of equity instrument prices, please refer to Note 6(v).

(x) 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.

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, 2025, the Company's capital management strategy is consistent with the prior year as of December 31, 2024, and the gearing ratio is maintained within 65% to 80% so as to ensure a 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, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 40,387,616	37,340,267
Less: cash and cash equivalents	<u>(864,274)</u>	<u>(2,093,416)</u>
Net debt	39,523,342	35,246,851
Total equity	<u>14,938,609</u>	<u>13,695,753</u>
Adjusted equity	<u>\$ 54,461,951</u>	<u>48,942,604</u>
Debt-to-equity ratio	<u>73%</u>	<u>72%</u>

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(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.

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
Qinglong Development Co., Ltd.(Qinglong Development)	The entity's chairman is first-degree relatives with the chairman of the Company
Chen Chia Ken	Key management personnel
Liao Nien Chi	"
Liao Lin Shu Hua	"
Liao Yu Hsiang	"
Liao Chia hsien	"
Liao Ling Chun	First-degree relative with the Company's chairman

(b) Significant transactions with related parties

(i) Sales

- 1) On June 2, 2025, the Company disposed of the buildings and land held for sale to a member key management personner, Liao Yu Hsiang, by resolution of the Board of Directors. The transaction price was \$844,400 thousand (tax included) and the gain on disposal was \$603,420 thousand. As of December 31, 2025, The Company had received all related proceeds in accordance with the agreement, wherein the title transfer registration had been completed.
- 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.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(ii) Purchase

- 1) The subsidiary rendered construction service as follows:

For the year ended December 31, 2025	Note	Total contract price	Current billed amount	Accumulated billed amount
Subsidiary-Northlight Construction Ltd.	Completed	\$ 590,230	301,018	590,230
Subsidiary-Northlight Construction	In-progress	21,247,237	2,779,084	4,095,232
		\$ 21,837,467	3,080,102	4,685,462
For the year ended December 31, 2024	Note	Total contract price	Current billed amount	Accumulated billed amount
Subsidiary-Northlight Construction	Completed	\$ 5,949,479	3,173,034	5,949,479
Subsidiary-Northlight Construction	In-progress	18,661,086	1,168,732	1,605,360
Total		\$ 24,610,565	4,341,766	7,554,839

- 2) The purchase amount of the company from the related party is as follows:

	December 31, 2025	December 31, 2024
Subsidiary-Northlight Construction	\$ 3,861	7,980

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

- 3) Based on a resolution decided during its board meeting held on September 5, 2024, the Company purchased from another related party, Huang Ming Industrial, a parcel of land located at Land No. 188, Mingde Section, Tucheng District, New Taipei City, at a transaction price of NT\$311,948 thousand, which was fully paid, and the transfer of deed title had been completed.
- 4) Based on a resolution decided during its board meeting held on January 16, 2025, the Company purchased from another related party, Qing Long Development, 44 parcels of land located at No. 3 and others, Section 1, Shuanglian Section, Datong District, Taipei City, at a transaction price of NT\$3,317,000 thousand, which was fully paid, and the transfer of deed title had been completed. This transaction was originally intended for joint development with the said related party, resulting in a refundable deposit of NT\$100,000 thousand, which was recorded as "Refundable Deposits – Current" as of December 31, 2024, and fully refunded in 2025.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

- 5) Based on a resolution decided during its board meeting held on June 2, 2025, the Company acquired from another related party, Qing Long Development, the rights to serve as the developer for the “Urban Renewal Rights Conversion Plan for the land located at No. 436 and others, Minquan Section, Banqiao District, New Taipei City,”, at a transaction price of NT\$1,460,000 thousand, which has yet to be paid by the Company as of December 31, 2025. All relevant legal procedures had since been completed.
- 6) Based on a resolution decided during its board meeting held on November 13, 2025, the Company purchased from another related party, Huang Ming Industrial, the transferable development rights associated with the land located at No. 423, Section 3, Yanping Section, Datong District, Taipei City, at a transaction price of NT\$347,408 thousand, which has yet to be paid as of December 31, 2025.
- 7) The transaction prices for the aforementioned acquisitions of the land from related parties were negotiated based on independent professional real estate appraisal reports and determined with reference to the appraisal results, adjusted by adding interest to the previous transfer prices. The transactions were conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" regarding acquisition of real property from related parties and were approved by the Company's Board of Directors.

(iii) Receivables from Related Parties

The receivables from related parties were as follow:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable due from related parties	Subsidiary – Fu Shih Enterprise	\$ <u>29,075</u>	<u>-</u>

(iv) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable due to related parties	Subsidiary – Northlight Construction	\$ <u>1,282,414</u>	<u>1,656,890</u>
Other current liabilities	Subsidiary – Fu Shih Enterprise	\$ <u>48,198</u>	<u>-</u>

The Company entered into a joint construction and sales agreement with its subsidiary, Fu Shih Enterprise, in 2025, wherein the Company is expected to receive 30% of the proceeds from the sale of the property. For the current period, the amount of property sale proceeds collected by Fu Shih Enterprise on behalf of the Company was NT\$48,198 thousand, recorded under other current liabilities.

(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 \$1,460,000 thousand and \$1,210,000 thousand, as of December 31, 2025 and 2024, respectively.
- 2) As of December 31, 2025 and 2024, 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 \$1,154,950 thousand and \$246,460 thousand for the Company, respectively.

(vi) Lease

- 1) 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, 2025 and 2024 were \$565 thousand and \$2,646 thousand, respectively.
- 2) The amounts of right-of-use assets recognized by the Company in connection with its lease agreements entered into with related parties are as follows:

Relationship		December 31, 2025	December 31, 2024
Other related party – Huang Ming		<u>\$ 37,624</u>	<u>-</u>

Account	Relationship	December 31, 2025	December 31, 2024
Current lease liabilities	Other related party – Huang Ming	\$ 3,451	-
Non-Current lease liabilities	"	31,087	-
		<u>\$ 34,538</u>	<u>-</u>

		For the years ended December 31	
Account	Relationship	2025	2024
Interest Expense	Other related party – Huang Ming	<u>\$ 854</u>	<u>-</u>

(vii) others

- 1) For the years ended December 31, 2025 and 2024, the subsidiary provided catering services to the Company amounting to \$567 thousand and \$440 thousand, respectively.
- 2) 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, 2024, the Company's partial payment of \$3,333 thousand was paid to Huang Ming Construction, which was recorded under construction in progress.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

- 3) 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, In December 2025, the competent authority approved the joint contribution ratio of 50.4%.
- 4) 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.
- 5) On September 30, 2025, the Company and its related party, Qinglong, jointly entered into a syndicated loan agreement with three financial institutions—First Commercial Bank, Bank of Taiwan, and Chang Hwa Commercial Bank, with the total credit facility of NT\$7 billion, of which, NT\$4.25 billion was allocated to the Company under Facility B and Facility C, while NT\$2.75 billion was allocated to the three guarantors, Qinglong, Liao Nien Chi, Liao Lin Shu Hua, and Liao Ling Chun, under Facility A. Each borrower is individually responsible for their respective loan facility. The four parcels of land for the “Urban Renewal Rights Conversion Plan” located at land No. 436 and Others, Minquan Section, Banqiao District, New Taipei City.” were pledged as collaterals for the above credit facility, which is intended to finance the development needs of this project.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2025	2024
Short-term employee benefits	\$ 24,061	54,402
Post-employment benefits	403	403
	\$ 24,464	54,805

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2025	December 31, 2024
Other current financial assets	Bank loans, guarantee deposits and trust of real estate	\$ 865,284	965,468
Inventories	Bank loans and short-term notes and bills payable	31,212,973	21,660,211
Investment property	Bank loans	14,578,081	14,765,758
Property, plant and equipment	Bank loans	145,253	146,111
		\$ 46,801,591	37,537,548

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(9) Commitments and contingencies

(a) Unrecognized contractual commitments

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

	December 31, 2025	December 31, 2024
Amount of signed contracts	\$ 8,888,020	6,917,618
Received amount from contracts	\$ 1,064,021	908,218

- (ii) The Company's unrecognized commitments generated from purchase contracts of inventories, development right, property and the rights to serve as the developer were as follows:

	December 31, 2025	December 31, 2024
Amount of signed contracts	\$ 2,050,019	1,200,645
Amount of payment paid	\$ 155,707	777,711

- (iii) For the years ended December 31, 2025 and 2024, the guarantee provided by the bank was \$1,581,243 thousand and \$1,902,596 thousand, respectively.

(b) Contingent liabilities

As of the reporting date, the right of 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 exercised for over fifteen years. Therefore, the Company negotiated with the executive of Chen Yueji Ancestral Hall, an ancestor workshop guild, 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 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 the first instance. The Company filed a petition for retrial with the Supreme Court, who repatriated the case back to the Taiwan High Court on February 27, 2025, wherein Taiwan High Court dismissed the case on April 29, 2025. Thereafter, the Company filed an appeal for retrial with the Supreme Court, who dismissed the case on September 10, 2025.

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

However, the successor of Mr. Chen (the Successor) is entitled, under applicable laws, to request for Chen Yue Ji to return the consideration received from the transfer of development rights together with interest. If the Successor fail to exercise such rights, the Company may exercise the rights on its behalf.

On September 12, 2025, the Successor filed a civil lawsuit with the Taipei District Court seeking confirmation of the existence of the development rights transfer transaction. As of December 31, 2025, the case was still under review by the District Court.

Nevertheless, based on land development considerations and in a spirit of good-faith cooperation, the Company continues to engage in negotiations with the Chen Yue Ji, wherein the disputed development rights amounting to NT\$354,896 thousand have been reclassified to other non-current assets

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(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					
		2025			2024		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary	\$	-	126,548	126,548	-	97,799	97,799
Labor and health insurance		-	7,515	7,515	-	7,814	7,814
Pension		-	3,825	3,825	-	3,492	3,492
Remuneration of directors		-	11,870	11,870	-	39,772	39,772
Others		-	8,866	8,866	-	9,257	9,257
Depreciation		200,677	10,593	211,270	115,036	5,499	120,535
Depletion		-	-	-	-	-	-
Amortization		-	576	576	-	480	480

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

For the years ended December 31, 2025 and 2024, the information on the number of employees and employee benefit expense of the Company were as follows:

	For the years ended December 31	
	2025	2024
Number of employees	<u>81</u>	<u>74</u>
Number of directors (non-employed)	<u>9</u>	<u>9</u>
Average employee benefit expense	<u>\$ 2,038</u>	<u>1,821</u>
Average employee salary expense	<u>1,758</u>	<u>1,505</u>
Changes in percentage of average employee	<u>16.81 %</u>	<u>57.26 %</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

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)

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

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

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Northlight Construction Ltd.	Subsidiary	\$ 3,734,652	1,150,000	1,150,000	1,100,000	-	7.70 %	7,469,304	Y	-	-
0	"	Polis International Development Co., Ltd.	Subsidiary	3,734,652	310,000	310,000	310,000	-	2.08 %	7,469,304	Y	-	-
1	Fu Shih Enterprise Corporation	The Company	Parent Company	3,734,652	1,154,950	1,154,950	368,450	1,154,950	7.73 %	7,469,304	-	Y	-

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

(iii) Securities held as of December 31, 2025 (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	Stock-Hey Song Corp.	None	Current financial assets at fair value through profit or loss	145	\$ 5,491	- %	5,491	-
"	Stock-wistron Corp.	"	"	350	52,675	- %	52,675	-
"	Stock-YFY Inc.	"	"	45	1,176	- %	1,176	-
"	Chung Hwa Pulp Corp.	"	"	110	1,277	- %	1,277	-
"	Stock-Chung Hung Steel Corp.	"	"	230	3,622	- %	3,622	-
"	Stock-Prince Housing & Development Corp.	"	"	202	1,652	- %	1,652	-
"	Stock-Radium Life Tech Co., Ltd.	"	"	534	5,816	- %	5,816	-
"	Stock-Evergreen Marine Corp.	"	"	330	62,700	- %	62,700	-
"	Stock-Yang Ming Marine Transport Corp.	"	"	51	2,829	- %	2,829	-
"	Stock-Wan Hai Lines LTD.	"	"	2	158	- %	158	-
"	Stock-China Airlines Ltd.	"	"	380	7,676	- %	7,676	-

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION

Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock-EVA Air Co., Ltd.	None	Current financial assets at fair value through profit or loss	928	33,918	- %	33,918	-
"	Stock-Evergreen aviation Corporation	"	"	1,097	155,775	- %	155,775	-
"	Stock-Delta Electronics Inc.	"	"	555	534,465	- %	534,465	
"	Stock-Techman Robot Inc.	"	"	173	58,474	- %	58,474	
"	Stock-Central Reinsurance Co.,Ltd.	"	"	245	6,431	- %	6,431	-
"	Fund-xinguang BBB investment and Other Bonds 20+ETF	"	"	2,000	19,240	- %	19,240	-
"	Stocks-Quanta Computer Co.,Ltd.	"	"	511	138,992	- %	138,992	-
"	Stocks-Taiwan Semiconductor Manufacturing Co.,Ltd.	"	"	106	164,300	- %	164,300	-
"	Gold	"	"	-	16,865	- %	16,865	-
"	Invesco 3 to 6 Year Maturity Emerging Market Bond Fund	"	"	600	7,259	- %	7,259	-
"	TCB Diversified Income Multi-Asset Fund-A Non-Dividend(Taiwan Dollar) Fund	"	"	500	5,680	- %	5,680	-
"	Mega Dual Momentum Fund of Fuds (TWD)	"	"	1,000	10,354	- %	10,354	-
"	CTBC opti-enhanced Cnom Multi-Asset Fund	"	"	1,000	10,074	- %	10,074	-
Derun Venture Capital Co., Ltd.	FullHope Bicomedical Co.,Ltd.	"	"	750	22,830	1.88 %	22,830	

- (iv) 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	3,083,963 (Note 1)	40.83%	Equivalent to other transactions	-	-	(1,282,414)	(92.67)%	
The Company	QING LONG DEVELOPMENT CO., LTD.	Other related parties	Purchase	3,317,000 (Note 2)	43.92%	"	-		-	-%	
The Company	Liao Yu Hsiang	Key management personnel	Sale	(836,358) (Note 1)	(16.34)%	"	-		-	-%	
Northlight Construction Ltd.	The Company	Subsidiary	Sale	(3,083,963) (Note 1)	(86.65)%	"	-	-	1,282,414	80.80%	
"	Huang Sheng Construction Co., Ltd	Other related parties	Sale	(232,399) (Note 1)	(6.53)%	"	-	-	224,188	14.13%	

Note 1: It refers to the current period's valuation and purchase (sales) amount.

Note 2: Record under Land held-for-development.

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance
					Amount	Action taken		
Northlight Construction Ltd.	The Company	Parent company	\$ 1,282,414	2.35	-	-	-	-
"	Huang Sheng Construction Co., Ltd	Other related party	224,188	1.63	-	-	-	-

(Continued)

HUANG HSIANG CONSTRUCTION CORPORATION
Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2025 (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, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (In Thousand)	Percentage of wnership	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 %	562,283	(13,106)	(126,599)	
"	Fu Shih Enterprise Corporation	"	Rental and sale of housing and commercial building	474,706	474,706	26	100.00 %	488,031	(34)	(34)	
"	Polis International Development Co., Ltd.	"	Development of specific districts and hotel operation	2,800,000	2,800,000	120,000	100.00 %	699,498	(193,477)	(193,477)	
"	Derun Venture Capital Co., Ltd.	"	Venture Investment	31,000	31,000	3,100	100.00 %	23,418	(6,385)	(6,385)	

(c) Information on investment in mainland China: None

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2025.

Huang Hsiang Construction Corporation
Statement of cash and cash equivalents
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Refer to Note 6(a) for details.

Huang Hsiang Construction Corporation

Statement of inventories

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Land held-for-development	Huiguo Section of Xitung District, Taichung City	\$ 7,784,073
	Shuanglian Section, Datong District, Taipei City	3,345,655
	No. 76 to No.82 of Mingde Section, Tucheng District, New Taipei City	625,074
	Daan Section of Tucheng District, New Taipei City	571,764
	No. 190 to 191 of Mingde Section, Tucheng District, New Taipei City	1,070,726
	Leli Section of Tucheng District, New Taipei City	498,264
	Shuiyuan Section of Shulin District, New Taipei City	407,113
	No. 456 of Mingquan Section, Banqiao District, New Taipei City	197,747
	1st Subsection of Yongji Section, Songshan District, Taipei City	185,045
	Dalu Section of Tucheng District, New Taipei City	136,378
	Others (bulks for transference included)	342,551
		<u>15,164,390</u>
Subtotal		
Construction in Progress	Hanzhong Section of Wanhua District, Taipei City	1,794,413
	Dunhua Section of Songshan District, Taipei City	1,466,225
	Anhe Section, Tucheng District, New Taipei City	163,008
	Baofu Section, Yonghe District, New Taipei City	88,613
	Wende Section of Xinzhuang District, New Taipei City	2,314,512
	Leli Section of Tucheng District, New Taipei City	167,508
	Yun Xiao Section of Tucheng District, New Taipei City	1,834,086
	Zhongzheng Section of Zhongzheng District, Taipei City	1,238,543
	Baofu Section of Yonghe District, New Taipei City	1,457,086
	Linyi Section of Zhongzheng District, Taipei City	480,775
	Jingxing Section of Yonghe District, New Taipei City	465,541
	Others	500,006
Subtotal		<u>11,970,316</u>

Huang Hsiang Construction Corporation

Statement of inventories (CONT'D)

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Buildings and land held-for-sale	Royal Residence	2,948,468
	Xin Tian Di (Minsheng E Rd.)	791,544
	Huang Hsiang MRT	313,196
	Imperial Jade Seal	261,371
	Amethyst Place	185,352
	Huang Hsiang Park	671,562
	Huanxi City	228,349
	Laureate	226,106
	Lai Ching	130,813
	Qian Cui	75,685
	Golden City Court	114,364
	Huang Hsiang Broadway 2	84,928
	Others	48,596
		<u>6,080,334</u>
Subtotal		
Total		<u><u>\$ 33,215,040</u></u>

Huang Hsiang Construction Corporation

Statement of changes in investments accounted for using the equity method

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Name	Opening balance		Opening balance		Decrease in current period		Surplus distribution	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	Prcie (in dollars)	Total price	
Northlight Construction Ltd.	104,500	\$ 696,798	-	-	-	126,280	8,235	104,500	100 %	562,283	10.74	1,122,261	No
Polis International Development Co., Ltd.	150,000	892,975	-	-	30,000	193,477	-	120,000	100 %	699,498	5.83	699,498	"
Fu Shih Enterprise Corporation	26	488,065	-	-	-	34	-	26	100 %	488,031	1,053.35	27,387	"
Derun Venture Capital Co. Ltd.	3,100	29,803	-	-	-	6,385	-	3,100	100 %	23,418	7.55	23,418	"
		<u>\$ 2,107,641</u>		<u>-</u>		<u>326,176</u>	<u>8,235</u>			<u>1,773,230</u>		<u>1,872,564</u>	

Huang Hsiang Construction Corporation
Statement of changes in property, plant and
equipment
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Refer to Note 6(e) for details.

Statement of changes in investment property

Refer to Note 6(g) for details.

Huang Hsiang Construction Corporation

Statement of short-term borrowings

December 31, 2025

(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	2025/07/11~2026/01/11	Note 1	-	
	B Bank	500,000	2025/10/15~2026/01/15	"	-	
	"	799,385	2023/05/25~2028/05/25	"	-	
	C Bank	31,000	2025/12/05~2026/01/05	"	-	
	"	169,000	2025/12/30~2026/01/30	"	-	
	G Bank	1,278,900	2022/07/05~2027/07/05	"	-	
	K Bank	191,600	2025/6/20~2030/06/30	"	-	
	Subtotal	<u>3,269,885</u>				
Mortgage	A Bank	150,000	2025/09/26~2026/03/26	Note 2	Buildings and land held-for-sale	
	B Bank	109,000	2025/10/15~2026/01/15	"	"	
	"	689,000	2021/08/09~2026/08/09	"	Constrection in progress	
	"	911,000	2021/01/26~2028/01/26	"	"	
	C Bank	78,500	2025/11/26~2026/05/26	"	Buildings and land held-for-sale	
	"	182,867	2025/05/21~2026/05/21	"	"	
	D Bank	294,601	2016/08/26~2028/07/08	"	"	
	"	523,594	2021/10/13~2031/10/13	"	"	
	E Bank	905,580	2024/1/18~2027/12/19	"	Constrection in progress	
	"	2,944,100	2021/12/30~2026/12/30	"	Land held-for development	
	"	368,450	2024/05/02~2029/05/02	"	Constrection in progress	
	F Bank	130,000	2025/12/27~2026/12/27	"	Buildings and land held-for-sale	
	G Bank	58,000	2025/05/20~2026/05/20	"	Land held-for development	
	"	880,000	2021/06/30~2028/05/27	"	Constrection in progress	
	H Bank	7,139	2025/03/26~2026/03/26	"	Buildings and land held-for-sale	
	"	353,350	2021/03/30~2026/03/30	"	Land held-for development	
	"	232,300	2024/01/07~2027/01/07	"	Land held-for development	
	"	356,720	2024/03/28~2027/03/28	"	Constrection in progress	
	I Bank	92,000	2024/07/18~2028/07/18	"	Land held-for development	
	"	123,000	2025/04/17~2029/04/17	"	"	
	J Bank	720,000	2025/12/19~2026/01/19	"	"	
	"	515,316	2025/12/19~2026/01/19	"	Buildings and land held-for-sale	
	L Bank	150,000	2023/09/08~2026/10/05	"	"	
	M Bank	270,000	2024/12/27~2029/12/27	"	Land held-for development	
	N Bank	380,000	2025/12/15~2026/03/13	"	Buildings and land held-for-sale	
	O Bank	954,708	2024/11/29~2026/11/29	"	"	
	P Bank	112,000	2025/12/29~2026/12/29	"	"	
	"	1,326,800	2025/05/23~2029/05/23	"	Constrection in progress	
	"	47,000	2025/12/29~2026/12/29	"	Buildings and land held-for-sale	
	Q Bank	<u>35,000</u>	2025/11/25~2026/05/25	"	"	
	Subtotal	<u>13,900,025</u>				
	Total	<u>\$ 17,169,910</u>				

Note 1 : 2.303%~2.94%

Note 2 : 2.65%~3.32%

Huang Hsiang Construction Corporation
Statement of long-term borrowings
December 31, 2025
(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>
J Bank	\$ 885,000	2025.12.19~2027.07.07	Note 1	-	Unsecured loan
P Bank	360,000	2024.08.27~2026.08.27	"	-	"
"	400,000	2024.04.26~2027.04.26	Note 2	Property, Plant and Equipment	Mortgages
"	2,678,400	2021.01.14~2036.01.14	"	Investment Property	"
Q Bank	13,928,165	2024.09.18~2034.09.18	"	"	"
Less: current portion	<u>(1,918,902)</u>				
	<u><u>\$ 16,332,663</u></u>				
Note1: 2.50%~2.60%					
Note2: 2.42%~2.68%					

Statement of operating revenue
For the year ended December 31, 2025

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Sales revenue from land	Surplus houses for sale	\$ 3,237,793	
Sales revenue from buildings	"	1,558,157	
Rent revenue		323,857	
Other operating revenue		<u>173</u>	
Total		<u><u>\$ 5,119,980</u></u>	

Huang Hsiang Construction Corporation
Statement of operating costs
For the year ended December 31, 2025
(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	\$ 1,205,803	
Building cost	"	1,315,578	
Rental cost		<u>214,079</u>	
		<u>\$ 2,735,460</u>	

Statement of selling expenses

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Advertising		\$ 173,519	
Rental		3,267	
Other expense (Note)		<u>2,954</u>	
		<u>\$ 179,740</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, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Tax expense		\$ 170,416	
Salaries		138,418	
Donation		31,758	
Utilities		10,021	
Insurance		8,469	
Miscellaneous		94,515	
Depreclation		10,592	
Employee welfare		6,189	
Service expense		38,119	
Other expense (Note)		<u>20,875</u>	
		<u><u>\$ 529,372</u></u>	

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