

Stock Code: 2524

King's Town Construction Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report 2025 and 2024

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

King's Town Construction Co., Ltd.

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Declaration of Consolidated Financial Statements of Affiliates

In 2025 (from January 1 to December 31, 2025), pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the Company’s entities that shall be included in preparing the Consolidated Financial Statements of Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements of Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements of Affiliates will not be prepared.

Sincerely,

King’s Town Construction Co., Ltd.

Responsible person: Tsai, Tien-Tsan

March 12, 2026

Independent Auditors' Report

March 12, 2026
(2026) ShineWing Taiwan Audit Report No. 007

To: King's Town Construction Co., Ltd.

Audit Opinion

We have audited the accompanying consolidated balance sheet of King's Town Construction Co., Ltd. and its subsidiaries as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in shareholders equity, cash flows for the years then ended, and notes of the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, based on our audits and other auditors' reports (please refer to the Other Matters section), the Consolidated Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission in all material aspects, and are considered to have reasonably expressed the consolidated financial conditions of King's Town Construction Co., Ltd. and its subsidiaries as of December 31, 2025 and 2024, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2025 and 2024.

Basis for Opinions

We conducted our audits in accordance with the Regulation Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We

are independent of King's Town Construction Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, we believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of King's Town Construction Co., Ltd. and its subsidiaries for the year ended December 31, 2025. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of King's Town Construction Co., Ltd. and its subsidiaries for the year ended December 31, 2025 are stated as follows:

Inventory Evaluation

Refer to Note IV(X) to the consolidated financial statements for accounting policies regarding inventory valuation; Note V(I) for the uncertainty of accounting estimates and assumptions regarding inventory valuation; and Note VI(VI) for details of inventory accounting subjects.

The inventories of King's Town Construction Co., Ltd. and its subsidiaries are material to the Consolidated Balance Sheet. Inventories are evaluated in accordance with IFRS, IAS, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission. Inventories include properties held for sale, land, projects under development, construction sites, and prepaid land payments, and are stated at the lower of cost or net realizable value. An incorrect assessment of the net realizable value may result in a misrepresentation in the financial statements. Therefore, we have identified inventory evaluation as one of the key audit matters for the year.

Our auditing procedures include, but are not limited to, considering the impact of changes in external market factors on the sales prices. The properties held for sale are evaluated based on the comparison with recent nearby transaction conditions or the contract prices of sales made recently by King's Town Construction Co., Ltd. Due to the high uncertainty of future input costs and the difficulty in obtaining comparable sales prices for lands and projects under construction, an investment return analysis form for each case is sampled and selected for review and compared with market conditions to assess if the net realizable value is reasonable. With regard to construction sites, they are entrusted with the appraisal reports provided by the external real estate appraiser to understand and inquire about the valuation method, and test the input values of multiple indicators used in the appraisal report, and whether the disclosure of the relevant information is appropriate. It also confirms the time point at which the expert completes the conclusion of the work, and considers whether there are changes in economic conditions that may affect conclusions after the period. In addition, selective observations of the inventory count are performed at the end of the period, and the accuracy of inventory cost amounts is tested on a sample basis.

Recognition of Revenue from the Sale of Real Estate

Refer to Note IV(XVIII) for the accounting policies on revenue and cost recognition and Note VI(XXII) to the parent company only financial statements for the details of revenue recognition.

Revenue from the sale of real estate in the construction industry is recognized when the transfer of title to the real estate is completed and the actual delivery of the real estate is made. The appropriateness of the timing of revenue recognition is material to the financial statements as a whole. Since there are many parties involved in the sale of real estate, and considering that many people are involved in the interdepartmental aggregation and transmission of transfer and delivery information and that there may be gaps in the periods, we have recognized the revenue from the sale of real estate of King's Town Construction Co., Ltd. and its subsidiaries as one of the key audit matters for the year.

We conducted our audits to test the effectiveness of the design and implementation of internal control systems over the revenue and collection processes of King's Town Construction Co. Ltd. and its subsidiaries. We also reviewed the appropriateness of the vesting period of the proceeds from the sale of real estates for the period immediately preceding and following the period end date to ensure that the proceeds from the sale of premises Revenue the criteria for revenue recognition.

Other Matters - Parent Company Only Financial Statements

King's Town Construction Co. Ltd. has also compiled Individual Financial Statements for 2025 and 2024, and they have also received an unqualified audit opinion from our CPA for your reference.

Other Matters - Adoption of Other Independent Accountants

The financial reports for some of the investees listed in King's Town Construction Co. Ltd. and its subsidiaries' Consolidated Financial Statements pursuant to the equity method have not been audited by this CPA and were inspected by other CPAs. Therefore, the opinions on the consolidated financial statements listed above concerning the amounts listed for investments accounted for using the equity method are based on the audit reports of the other CPAs. As of December 31, 2025, and December 31, 2024, the investment amounts in the aforementioned company, using the equity method, were NT\$15,226 thousand and NT\$15,872 thousand, respectively, accounting for 0.04% of total consolidated assets. For the periods from January 1 to December 31, 2025 and 2024, the recognized shares of comprehensive income (loss) for the aforementioned associates, using the equity method, were NT\$2,976 thousand and NT\$4,024 thousand, respectively, representing 0.47% and 0.14% of the total consolidated comprehensive income (loss).

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

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC Interpretations, and SIC Interpretations as

endorsed and issued by the Financial Supervisory Commission, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements to be free from significant misstatement whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of King's Town Construction Co. Ltd. and its subsidiaries as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate King's Town Construction Co. Ltd. and its subsidiaries or to create operations, or has no realistic alternative but to do so.

The governance unit of King's Town Construction Co. Ltd. and its subsidiaries (including the Audit Committee or supervisors) is responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatements, 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 auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered significant, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a significant 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 internal control effective in King's Town Construction Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and based on the audit evidence obtained, whether a significant uncertainty exists related to events or conditions that may cast significant doubt on King's Town Construction Co., Ltd. and its subsidiaries and its ability to continue as a going concern. If we conclude that a significant uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause King's Town Bank Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall expression, structure, and content of the consolidated financial statements (including related notes) and whether the consolidated financial statements include the relevant transactions and events expressed adequately.
6. Obtain sufficient and appropriate audit evidence for the consolidated financial information of the Group and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and implementing of the group audit. We remain solely responsible for our opinion.

We communicate the following events with the governance unit, including the planned scope and audit time, as well as major audit findings (including significant deficiencies of internal control identified during the audit process).

We also provide a statement to the governance unit that the personnel of the CPA Firm who are subject to the regulation of independence are indeed complying with the independence requirements in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China. Also, they communicate to the governance unit all relationships and matters (including related protective measures) that may be considered as affecting our independence.

We use the matters communicated with the governance unit to decide the Key Audit Matters for the audit of the 2025 consolidated financial statements of King's Town Construction Co., Ltd., and its subsidiaries. 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.

ShineWing Taiwan

CPA: Chuang, Shu-Yuan

Accountant: Jackson Jwo

Financial Supervisory Commission Approval
No.

Financial Supervisory Commission Approval
No.

FSC Letter Jin-Guan-Zheng-Shen No.
1070345892

FSC Letter Jin-Guan-Zheng-Shen No.
1070345892

King's Town Construction Co., Ltd.
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit: NT\$ thousands

Assets	Note	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
11XX Current assets					
1100 Cash and cash equivalents	VI.(I)	\$1,170,796	2.94	\$3,000,245	7.30
1136 Financial assets at amortized cost - current	VI.(III)	500,000	1.25	0	0.00
1150 Net notes receivable	VI.(IV)	0	0.00	20,200	0.05
1170 Net trade receivables	VI.(IV)	24,328	0.06	6,463	0.01
1180 Net trade receivables - related parties	VI.(IV), VII	14	0.00	7	0.00
1200 Other receivables	VI.(V)	5,953	0.01	8,140	0.02
1210 Other receivables - related parties	VI.(V), VII	94	0.00	144	0.00
1220 Current tax assets		156	0.00	78	0.00
1320 Inventories	VI.(VI), VIII	36,512,976	91.51	36,467,608	88.70
1410 Prepayments	VI.(VII)	799,498	2.01	714,088	1.74
1470 Other current assets	VI.(VIII)	9,568	0.03	9,548	0.02
1476 Other financial assets - current	VI.(IX), VIII	33,292	0.08	33,373	0.08
11XX Total current assets		<u>\$39,056,675</u>	<u>97.89</u>	<u>\$40,259,894</u>	<u>97.92</u>
15XX Non-current assets					
1510 Financial assets at fair value through profit and loss	VI.(II)	\$0	0.00	\$82	0.00
1550 Investments accounted for using the equity method	VI.(X)	15,226	0.04	15,872	0.04
1600 Property, plant, and equipment	VI.(XI)	492,355	1.23	543,699	1.32
1755 Net right-of-use assets	VI.(XII)	75,528	0.19	65,260	0.16
1780 Intangible assets	VI.(XIII)	147,226	0.37	151,716	0.37
1840 Deferred tax assets	VI.(XXIX)	76,889	0.19	40,236	0.10
1920 Refundable deposits	VIII	36,106	0.09	38,337	0.09
15xx Total non-current assets		<u>\$843,330</u>	<u>2.11</u>	<u>\$855,202</u>	<u>2.08</u>
lxxx Total assets		<u><u>\$39,900,005</u></u>	<u><u>100.00</u></u>	<u><u>\$41,115,096</u></u>	<u><u>100.00</u></u>

(Continued)

King's Town Construction Co., Ltd.
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit: NT\$ thousands

Liabilities and equity	Note	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
21XX Current liabilities					
2100 Short-term borrowings	VI.(XIV) VII, VIII	\$2,745,325	6.88	\$2,636,475	6.41
2110 Short-term bills payable	VI.(XIV) VII, VIII	4,515,074	11.32	4,445,526	10.81
2130 Contract liabilities - current	VI.(XXII), VII	365,207	0.92	726,803	1.77
2150 Notes payable		47,491	0.12	68,519	0.17
2160 Notes payable - related parties	VII	160,048	0.40	236,893	0.58
2170 Trade payables		226,998	0.57	27,007	0.07
2180 Trade payables - related parties	VII	0	0.00	188,314	0.46
2200 Other payables		62,817	0.16	161,484	0.39
2220 Other payables - related parties	VII	40	0.00	1,200	0.00
2230 Current tax liabilities		400,672	1.00	267,109	0.65
2250 Provisions - current	VI.(XV)	44,469	0.11	47,062	0.11
2280 Lease liabilities - current	VI.(XVIII)	1,566	0.00	1,305	0.00
2322 Long-term borrowings due within one operating cycle	VI.(XVII), VII, VIII	5,694,610	14.27	674,695	1.64
2335 Collection	VI.(XVI)	15,940	0.04	73,210	0.18
21XX Total current liabilities		\$14,280,257	35.79	\$9,555,602	23.24
25XX Non-current liabilities					
2540 Long-term borrowings	VI.(XVII), VII, VIII	\$4,494,139	11.26	\$10,913,456	26.54
2580 Lease liabilities - non-current	VI.(XVIII)	77,154	0.19	66,708	0.16
2640 Net defined benefit liabilities - non-current	VI.(XXVII)	13,502	0.04	14,293	0.04
2645 Deposits received	VII	8,508	0.02	4,144	0.01
25xx Total non-current liabilities		\$4,593,303	11.51	\$10,998,601	26.75
2XXX Total liabilities		\$18,873,560	47.30	\$20,554,203	49.99
3XXX Equity					
3110 Share capital - ordinary shares	VI.(XIX)	\$3,659,835	9.17	\$3,694,196	8.99
3211 Capital surplus – premium on ordinary shares	VI.(XX)	34,228	0.09	8,082	0.02
3300 Retained earnings					
3310 Legal reserve	VI.(XXI)	2,103,866	5.27	1,820,578	4.43
3350 Unappropriated earnings	VI.(XXI)	15,228,516	38.17	15,038,037	36.57
3300 Total retained earnings		\$17,332,382	43.44	\$16,858,615	41.00
3XXX Total equity		\$21,026,445	52.70	\$20,560,893	50.01
Total liabilities and equity		\$39,900,005	100.00	\$41,115,096	100.00

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd.

Representative: Tsai, Tien-Tsan

Manager: Tsai, Tien-Tsan

Accounting Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2025 and 2024

Code	Account titles	Note	Unit: NT\$ thousands			
			2025		2024	
			Amount	%	Amount	%
4000	Operating revenue					
4100	Net sales	VI.(XXII)	\$3,675,047	100.00	\$9,283,423	100.00
5000	Operating costs		1,995,930	54.31	5,105,455	55.00
5900	Gross profit		\$1,679,117	45.69	\$4,177,968	45.00
6000	Operating expenses	VI.(XXX)				
6100	Selling and marketing expenses		378,360	10.30	523,903	5.64
6200	General and administrative expenses		142,602	3.88	193,410	2.08
6000	Total operating expenses		\$520,962	14.18	\$717,313	7.72
6900	Operating income		\$1,158,155	31.51	\$3,460,655	37.28
7000	Non-operating income and expenses					
7100	Interest income	VI.(XXIII)	\$24,911	0.68	\$7,537	0.08
7010	Other income	VI.(XXIV)	1,974	0.05	2,975	0.03
7020	Other gains and losses	VI.(XXV)	(455)	(0.01)	(9,676)	(0.10)
7050	Finance costs	VI.(XXVI)	(386,420)	(10.51)	(324,683)	(3.50)
7060	Share of profit or loss of associates and joint ventures accounted for using the equity method	VI.(X)	2,976	0.08	4,024	0.04
7000	Total non-operating income and expenses		(\$357,014)	(9.71)	(\$319,823)	(3.45)
7900	Income before tax		\$801,141	21.80	\$3,140,832	33.83
7950	Income tax expense	VI.(XXIX)	172,463	4.69	309,139	3.33
8200	Current net income		\$628,678	17.11	\$2,831,693	30.50
8300	Other comprehensive income					
8310	Items not reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	VI.(XXVII)	\$786	0.02	\$1,481	0.02
8349	Incomes tax expense (gain) related to titles not subject to reclassification	VI.(XXIX)	157	0.00	296	0.00
8300	Other comprehensive income (net)		\$629	0.02	\$1,185	0.02
8500	Total comprehensive income		\$629,307	17.13	\$2,832,878	30.52
9750	Basic earnings per share (NT\$)	VI.(XXXI)	\$1.71		\$7.67	
9850	Diluted earnings per share (NT\$)	VI.(XXXI)	\$1.71		\$7.66	

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd.

Representative: Tsai, Tien-Tsan

Manager: Tsai, Tien-Tsan

Accounting Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.
Consolidated Statements of Changes in Equity
From January 1 to December 31, 2025 and 2024

Unit: NT\$ thousands

Code	Account name Summary	Share capital	Capital surplus	Retained earnings			Treasury shares	Total equity
				Legal reserve	Unappropriated earnings	Total		
A1	Balance as of January 1, 2024	\$3,694,196	\$8,082	\$1,776,451	\$12,249,286	\$14,025,737	\$0	\$17,728,015
B1	Allocation and distribution of earnings in 2023							
	Legal reserve			44,127	(44,127)	0		0
D1	Net income in 2024				2,831,693	2,831,693		2,831,693
D3	Other comprehensive income in 2024				1,185	1,185		1,185
D5	Total comprehensive income in 2024				2,832,878	2,832,878	\$0	\$2,832,878
Z1	Balance as of December 31, 2024	\$3,694,196	\$8,082	\$1,820,578	\$15,038,037	\$16,858,615	\$0	\$20,560,893
A1	Balance as of January 1, 2025	\$3,694,196	\$8,082	\$1,820,578	\$15,038,037	\$16,858,615	\$0	\$20,560,893
B1	Allocation and distribution of earnings in 2024							
	Legal reserve			283,288	(283,288)	0		0
N1	Equity-based compensation transactions - employee compensation capital increase	5,209	26,516			0		31,725
D1	Net income in 2025				628,678	628,678		628,678
D3	Other comprehensive income in 2025				629	629		629
D5	Total comprehensive income in 2025				629,307	629,307	0	629,307
L1	Treasury stock repurchase						(195,480)	(195,480)
L3	Cancellation of treasury shares	(39,570)	(370)		(155,540)	(155,540)	195,480	0
Z1	Balance as of December 31, 2025	\$3,659,835	\$34,228	\$2,103,866	\$15,228,516	\$17,332,382	\$0	\$21,026,445

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd.

Representative: Tsai, Tien-Tsan

Manager: Tsai, Tien-Tsan

Accounting Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.
Consolidated Statements of Cash Flows
From January 1 to December 31, 2025 and 2024

Unit: NT\$ thousands

Code	2025	2024				
AAAA			Cash flow from operating activities:			
A10000	\$801,141	\$3,140,832	Current year net profit before tax			
A20000			Adjustment items:			
A20010			A33000	Cash inflow (outflow) from operating activities	\$534,905	\$2,029,748
A20100	\$69,790	\$71,067	A33100	Interest received	24,628	6,760
A20200	4,490	4,483	A33200	Dividend received	537	350
A20300	0	49	A33300	Interest paid	(385,384)	(324,951)
A20400	0	(1,107)	A33500	Income tax paid	(75,788)	(120,114)
A20900	386,420	324,683	AAAA	Net cash inflow (outflow) from operating activities	\$98,898	\$1,591,793
A21200	(24,911)	(7,537)	BBBB	Cash flow from investing activities:		
A21300	(537)	(350)	B00040	Acquisition of financial assets at amortized cost	(\$6,151,406)	\$0
A22300	(2,976)	(4,024)	B00050	Disposal of financial assets at amortized cost	5,651,406	0
A22500	424	8,977	B00100	Acquisition of financial assets at fair value through profit or loss	0	(188,426)
A22600	1,643	3,186	B00200	Disposal of financial assets at fair value through profit or loss	82	189,533
A22800	0	138	B02700	Acquisition of property, plant, and equipment	(18,490)	(5,367)
A20010	\$434,343	\$399,565	B03700	Increase in refundable deposits	(1,743)	(7,659)
A30000			B03800	Decrease in refundable deposits	3,974	1,125
A31000			B04500	Acquisition of intangible assets	0	(272)
A31130	\$20,200	\$16,476	B06500	Decrease in other financial assets	81	34,699
A31150	(17,872)	4,276	B07600	Cash dividends received from investments accounted for using the equity method	3,622	4,794
A31180	2,520	676	BBBB	Net cash inflow (outflow) from investing activities	(\$512,474)	\$28,427
A31200	(45,368)	(1,674,497)	CCCC	Cash flows from financing activities:		
A31230	(85,410)	(258,026)	C00100	Proceeds from short-term borrowings	\$6,725,050	\$17,000,125
A31240	(20)	98,800	C00200	Repayments of short-term borrowings	(6,616,200)	(18,120,600)
A31000	(\$125,950)	(\$1,812,295)	C00500	Proceeds from short-term bills payable	16,164,600	16,717,200
A32000			C00600	Repayments of short-term bills payable	(16,097,500)	(16,854,300)
A32125	(\$361,596)	\$18,953	C01600	Proceeds from long-term borrowings	35,900	4,851,420
A32130	(97,873)	66,613	C01700	Repayments of long-term borrowings	(1,435,302)	(2,845,006)
A32150	11,677	110,902	C03000	Increase in deposits received	6,703	191
A32180	(66,969)	90,005	C03100	Decrease in deposits received	(2,339)	(1,951)
A32200	(2,593)	1,574	C04020	Repayment of the principal portion of lease	(1,305)	(1,282)
A32230	(57,270)	16,582	C04800	Treasury shares repurchase cost	(195,480)	0
A32240	(5)	(2,983)	CCCC	Net cash inflow (outflow) from financing activities	(\$1,415,873)	\$745,797
A32000	(\$574,629)	\$301,646	EEEE	Increase (decrease) in current cash and cash equivalent	(\$1,829,449)	\$2,366,017
A30000	(\$700,579)	(\$1,510,649)	E00100	Cash and cash equivalent at the beginning of the period	3,000,245	634,228
			E00200	Cash and cash equivalent at the end of the period	\$1,170,796	\$3,000,245

(Please refer to the accompanying notes in the financial report)

King's Town Construction Co., Ltd.
Notes to Consolidated Financial Statements
2025 and 2024

(In Thousands of New Taiwan Dollars, unless otherwise specified)

I. Company History

King's Town Construction Co., Ltd (hereinafter referred to as the "Company") was incorporated in 1985. The place of registration is located at 12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City/The Company started trading on Taiwan Stock Exchange Corporation on October 18, 1994. The Company's consolidated financial statements consist of the Company and the Company's subsidiaries (hereinafter collectively referred to as the "Consolidated Company"), which are mainly engaged in residential and building development, lease and sale, development of specific professional areas, zoning and rezoning agency business, and hospitality.

II. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were approved for publication by the Board of Directors on March 12, 2026.

III. Application of New, Revised, and Amended Standards and Interpretations

(I) Effect of the adoption of new issuance of or amendments to International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed and issued by the Financial Supervisory Commission ("FSC") are as follows:

International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations applicable endorsed by the FSC in 2025:

Item	New, Revised, and Amended Standards and Interpretations	Effective Date of Issuance by the IASB
1	Amendment to IAS 21 - Lack of Exchangeability	January 1, 2025

The Consolidated Company assessed the effects of adopting the aforementioned standards and interpretations, and has found no significant effects on the Company’s financial position and financial performance.

- (II) Effects of not yet applying the newly-announced, revised IFRSs, and international accounting standards endorsed by FSC:

Item	New, Revised, and Amended Standards and Interpretations	Effective Date of Issuance by the IASB
1	Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
2	Amendments to IFRS 9 and IFRS 7 “Contracts for Electricity that Depend on the Laws of Nature”	January 1, 2026
3	IFRS 17 Insurance Contracts	January 1, 2023
4	Amendment to IFRS 17 - Insurance Contracts	January 1, 2023
5	Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
6	Annual Improvements to IFRS Accounting Standards – Cycle 11	January 1, 2026

The Consolidated Company assessed the effects of adopting the aforementioned standards and interpretations, and has found no significant effects on the Company’s financial position and financial performance.

- (III) Effects of IFRSs issued by IASB but not yet endorsed by FSC:

- The following new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

Item	New, Revised, and Amended Standards and Interpretations	Effective Date of Issuance by the IASB
1	Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	Currently awaiting a decision by the IASB
2	IFRS 18 “Presentation and Disclosure of Financial Statements”	January 1, 2027 (Note)
3	IFRS 19 “Disclosure of Subsidiaries Not Subject to Public Accountability” (including amendments from 2025)	January 1, 2027
4	Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note: The FSC announced in a press release on September 25, 2025, that publicly listed companies will be required to apply International Financial Reporting Standards 18 (hereinafter referred to as IFRS 18) starting in the fiscal year 2028. Additionally, if enterprises have a need to adopt IFRS 18 early, they may choose to do so after the FSC has approved IFRS 18.

2. The Consolidated Company assessed the effects of adopting the aforementioned standards and interpretations, and has found no significant effects on the Consolidated Company's financial position and financial performance.

IFRS 18 "Presentation and Disclosure of Financial Statements"

IFRS 18 "Presentation and Disclosure of Financial Statements" replaces IAS 1 and updates the structure of the Statement of Comprehensive Income. It also introduces new disclosures for management performance measurement and strengthens the principles of aggregation and disaggregation applied to the primary financial statements and notes. The main changes are as follows:

A. Enhancing the Comparability of the Income Statement

In the income statement, revenues and expenses are classified into five categories: operating, investing, financing, income tax, and discontinued operations. The first three categories represent new classifications aimed at improving the structure of the income statement. Additionally, all enterprises are required to provide subtotals based on the new definitions, including operating profit and loss. By enhancing the structure of the income statement and redefining subtotals, investors can have a consistent starting point when analyzing the financial performance of companies, making it easier to conduct comparisons.

B. Enhancing the Transparency of Management Performance Measurement

Require enterprises to disclose, in a single note to the financial statements, explanations for each measurement indicator as to why it provides useful information, how it is calculated, and how the measurement indicator is reconciled to the amounts recognized in accordance with IFRS Accounting Standards.

C. Summary of Useful Financial Statement Information

Enterprises must identify the assets, liabilities, equity, revenues, expenses, and cash flows arising from individual transactions or other matters, and classify and summarize them based on shared characteristics, so that each line item reported in the primary financial statements has at least one similar characteristic. Items that do not share similar characteristics should be separately classified in the primary financial statements and notes. Only when it is impossible to identify more informative indicators will such items be marked as “Other.”

2. The Company is assessing the impacts of the adoption of these standards and interpretations on its financial position and performance. Relevant impacts will be disclosed upon completion of the assessment.

IV. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these Consolidated Financial Statements are set out as follows. Unless otherwise specified, the policies shall be applicable applied to all reporting periods presented.

(I) Compliance statement

The Consolidated Financial Statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,”

IFRS, IAS, and IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC.

(II) Basis of preparation

1. Except for the following important items, these Consolidated Financial Statements have been prepared based on historical costs; Historical costs are generally determined based on the fair value of the consideration paid for purchase of assets.

(1) Financial assets and liabilities at fair value through profit or loss are measured at fair value.

(2) Defined benefit liability derived from retirement plan assets less the present value of net defined benefit obligation.

2. The preparation of consolidated financial report in compliance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and explanatory announcements endorsed and issued into effect by the FSC requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Please refer to Note V for items involving a higher degree of judgment or complexity or items involving significant assumptions and estimates to the Consolidated Financial Statements.

3. Functional currency and presentation currency

The Consolidated Company takes the currency of the main economic environment in which each business operates as its functional currency. The Consolidated Financial Statements are presented in New Taiwan dollars, the Consolidated Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(III) Basis of consolidation

1. Principles in the preparation of the Consolidated Financial Statements

- (1) All subsidiaries are included in the Consolidated Company's consolidated financial statements. "Subsidiaries" refer to all entities controlled by the Consolidated Company. The Consolidated Company controls an entity when the Consolidated Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Consolidated Company obtains control of the subsidiaries and ceases when the Consolidated Company loses control of the subsidiaries.
- (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Consolidated Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Consolidated Company.
- (3) Changes in shareholding of subsidiaries that do not result in loss of control are treated as equity transactions. The Company and the carrying amount of non-controlling interests have been adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized in equity and attributed to the owners of the Company.
- (4) When the Consolidated Company loses control over its subsidiary, the remaining investments in its former subsidiary shall be remeasured at fair value, and are treated as the fair value of the financial assets at initial

recognition or the cost of investment in associates or joint ventures at initial recognition. The difference between fair value and carrying amount is recognized in current profit or loss. The Consolidated Company shall account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Consolidated Company had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Consolidated Company reclassifies the gain or loss from equity to profit or loss when it loses control of the subsidiary.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Principal Business Operation	Business Location	Percentage of shareholding (%)	
				December 31, 2025	December 31, 2024
The Company	H2O Hotel Co., Ltd. (H2O Hotel)	Hotel business, restaurant business	Taiwan Kaohsiung City	100%	100%

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different balance sheet dates: None.
5. Significant restrictions on the ability to acquire, utilize assets, and discharge liabilities: None.
6. Subsidiaries that have non-controlling interests that are material to the Consolidated Company: None.

(IV) Foreign currency trading

1. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

2. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the end of the reporting period. Exchange differences arising upon re-translation on the balance sheet date are recognized in profit or loss.
3. The balances of non-monetary assets and liabilities denominated in foreign currencies are adjusted at the exchange rates prevailing at the end of the reporting period. If the balances are measured at fair value through profit or loss, the resulting exchange differences are recognized in profit or loss; if the balances are measured at fair value through other comprehensive profit or loss, the resulting exchange differences are recognized in other comprehensive income items; if the balances are not measured at fair value, they are measured at the historical exchange rates at the dates of initial transactions.
4. All other exchange gains and losses shall be presented under “Other gains and losses” in the Income Statement.

(V) Standards for assets and liabilities classified as current and non-current

The Consolidated Company is engaged in the construction of houses for sale by contractors, and its business cycle is longer than one year. As such, assets and liabilities related to the construction business are classified as current or non-current by reference to its normal operating cycle. In addition to the above paragraph:

1. Assets that meet one of the following criteria are classified as current assets:
 - (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
 - (2) Assets held primarily for trading purposes.
 - (3) Assets that are expected to be realized within 12 months after the end of the reporting period.

- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the end of the reporting period.

The Consolidated Company classifies all the assets that do not meet the above-mentioned criteria as non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) Assets held primarily for trading purposes.
- (3) Payment is expected to be due within 12 months after the end of the reporting period.
- (4) At the end of the reporting period, there is no right to defer the repayment of the liability for at least twelve months beyond the reporting period.

The Consolidated Company classifies all liabilities that do not meet the above conditions as non-current.

(VI) Cash and cash equivalents

Cash includes inventory cash and bank deposit. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial instruments

Financial assets and liabilities will be recognized in the consolidated balance sheets when the Consolidated Company becomes a party to the contract of the financial instrument.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(VIII) Financial assets

Where the purchase or sale of financial assets is in line with conventional trading practices, the accounting treatment of all purchases and sales of financial assets classified in the same way by the Consolidated Company shall be consistently on the trade date or the settlement date.

1. Types of measurement

Financial assets held by the Consolidated Company are classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

The Consolidated Company reclassifies all affected financial assets from the first day of the next reporting period only when there is a change in the operating model for managing financial assets.

A. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are those not measured at amortized cost or at fair value through other comprehensive income. Upon initial recognition, the Consolidated Company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or at fair value through other comprehensive income as measured at fair value through profit or loss, to eliminate or significantly reduce an accounting mismatch.

Financial assets at fair value through profit or loss are measured at fair value; any re-measurement profit or loss (including any dividends or interests derived from such financial assets) is recognized in profit or loss. Please refer to Note XII for the determination of fair value.

B. Financial assets at amortized cost

When the Consolidated Company's investments in financial assets satisfy the following two conditions simultaneously and they are not designated as at fair value through profit or loss, they are classified as financial assets at amortized cost:

- (1) Financial assets held based on the business model of collecting contract cash flow.
- (2) The terms of the contract of the financial assets generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, such financial assets (including cash and cash equivalents, notes receivable, accounts receivable, other receivables [including related parties] and refundable deposits) that are measured at amortized costs are measured at originally recognized amount plus or minus cumulatively amortized amount and the amortized costs by using effective interest method after adjustment to any allowance for loss; any interest income, foreign exchange gain or loss and impairment loss are recognized in profit or loss. When derecognition, gain or loss is recognized in profit and loss.

Interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets.

C. Financial assets at fair value through other comprehensive income

A debt investment is measured at fair value through other comprehensive income/(loss) if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- (1) The objective of the Consolidated Company's business model is achieved both by collecting contractual cash flows and selling financial assets.
- (2) The terms of the contract of the financial assets generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

The Consolidated Company may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading to be measured at fair value through other comprehensive income. Subsequent changes in fair value are reported in other comprehensive income. The preceding selection is made on an instrument-by-instrument basis.

They are recognized initially at fair value plus directly attributable transaction costs and subsequently measured at fair value. Foreign currency translation profit and loss on investments in debt instruments, interest income and impairment losses calculated using the effective interest method, and dividend income from investment in equity instruments (except those expressly specified as recovery of parts of the investment cost) are recognized in profit or loss. Changes in the other carrying amount are recognized based on the unrealized profits and losses on financial assets measured at fair value through other comprehensive profit and loss. When performing derecognition, the

cumulative profit or loss of investments in debt instruments are reclassified from equity to profit or loss; the cumulative profit or loss of investments in equity instruments are reclassified from equity to retained earnings and not to profit or loss.

The dividend income of equity investment shall be recognized on the date when the Consolidated Company is entitled to receive dividends (usually the ex-dividend date).

2. Impairment of financial assets

The Consolidated Company recognizes at the end of each reporting period for financial assets (including cash and cash equivalents, notes receivable and accounts receivable, other receivables [including related parties] and refundable deposits), investments in debt instruments at fair value through other comprehensive income, and expected credit losses of contract assets as the allowance for loss.

Allowances shall be appropriated for notes receivable, trade receivables, and other receivables for expected credit losses for the duration of their existence. Financial assets at amortized cost and investments in debt instruments measured at fair value through other comprehensive income/(loss) are first evaluated to determine whether there is a significant increase in credit risk since original recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit losses for the 12 months following the reporting date, and if there is a significant increase, an allowance for loss is recognized based on the expected credit losses arising from all probable defaults during existence period.

Upon determining that whether credit risks have increased significantly after original recognition, the Consolidated Company shall consider reasonable and

corroborative information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and make analysis based on the Consolidated Company's history experience, credit evaluation and forward-looking information.

Expected credit losses are the weighted estimates of the probability of credit losses over the expected duration of a financial instrument. Credit losses are measured at the present value of all cash shortages, i.e. the difference between the cash flows that the Consolidated Company can receive under contracts and the cash flows that the Consolidated Company expects to receive. Expected credit losses are discounted at the effective interest rate on the financial asset.

The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the reporting date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

At the end of each reporting period, the Consolidated Company assesses whether there is a credit impairment on financial assets measured at amortized cost and on investments in debt instruments measured at fair value through other comprehensive income/(loss). When there is one or more events arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset. The evidence for credit impairment of financial assets includes the observable data for the following events:

- (1) Material financial hardship for borrower or issuer;
- (2) Default, such as arrearage or delinquency for more than 365 days;

- (3) Compromise made by Consolidated Company to borrower that would not be considered before, because of economic or contract reason related to borrower's financial difficulty;
- (4) The borrower is most likely to file for bankruptcy or conduct other financial arrangement;
- (5) Disappearance of active market for the financial asset due to financial difficulty.

Through the loss allowance account, the carrying amount of all financial assets is reduced for the impairment loss, except for the investment in debt instruments measured at FVTOCI for which the impairment loss is recognized in other comprehensive income and does not reduce the carrying amount.

If the Consolidated Company cannot reasonably expect to recover financial assets fully or partially, it may directly reduce the total carrying amount of its financial assets. The Consolidated Company individually analyzes the time for and amount of write-off based on that whether they are reasonably expected to be recoverable. The Consolidated Company expects that there will be no material reverse of written-off amounts. However, written-off financial assets can still be enforced to comply with the Consolidated Company's procedures for recovering expected amount.

3. Derecognition of financial assets

The Consolidated Company de-recognizes the financial assets only when the contractual rights to the cash flows from the financial assets are terminated, or when the financial assets have been transferred and substantially all the risks and rewards of ownership have been transferred to other entities, or when the assets

have neither been transferred nor retained substantially and control over the financial assets has not been retained.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of an equity instrument measured at fair value through other comprehensive income/(loss), the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

(IX) Financial liabilities and equity instruments

1. Classification of financial liabilities and equity instruments

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

2. Equity instruments

Equity instruments refer to any contracts containing the Consolidated Company's residual interest after subtracting liabilities from assets.

Equity instruments issued by the Consolidated Company are recognized based on the price obtained less direct issuance costs.

When the Consolidated Company repurchases its own equity instruments, the consideration paid, including any directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury stock. Subsequent sales or reissuance of treasury stock are recognized as an increase in equity, with any resulting surplus or deficit recognized as capital surplus. If the capital surplus is insufficient to offset the deficit, the shortfall is recognized as retained earnings. The purchase, sale, issuance, or write-off of the Consolidated Company's equity instruments are not recognized in profit or loss.

3. Financial liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities measured at amortized cost include account payables and borrowings, which, after initial recognition, are subsequently measured using the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any profit or loss at the time of derecognize is also recognized in profit and loss.

4. Derecognition of financial liabilities

The Consolidated Company derecognizes financial liabilities when the contractual obligations have been fulfilled, canceled or matured. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

5. Offsetting of financial assets and liabilities

The Consolidated Company presents financial assets and liabilities on a net basis when the Consolidated Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(X) Inventories

1. Construction inventories

Inventories consist of land and construction in progress, properties held for sale, construction sites and prepaid land. Prepaid land is transferred to construction sites upon transfer of ownership, and construction sites are transferred to land and buildings under construction upon active development. Upon completion of the construction, the sold portion is transferred to operating costs and the unsold portion is transferred to land held for sale, using the construction area ratio, when revenue is recognized from the sale of the premises.

Inventories are measured at the lower of cost or net realizable value and are compared on a line-by-line basis to determine the lower of cost or net realizable value. The cost includes all necessary expenditures and capitalized borrowing costs to get an asset in place and in conditions ready for use.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The measurement of net realizable value is as follows:

- (1) Construction sites: The net realizable value is estimated by real estate appraisers, where for non-road use land, the published land current value appreciation ratio by land administration authorities is adopted as the objective basis for land price adjustment and the criterion for present value assessment. For land designated for road use, the overall value is assessed using the comparative method of valuation.
- (2) Construction-in-progress: The net realizable value is calculated on the basis of the expected selling price (based on the current market conditions) less cost of construction completion and selling costs.

(3) Buildings and land held for sale: The NRV is the estimated selling price (based on the current market conditions) minus the costs and selling expenses incurred during the sale of the property.

2. Hotel and restaurant inventories

Inventory is measured by the lower of cost and net realizable value. The cost is the weighted average of all costs necessary to get an asset in place and in conditions ready for use. When comparing the comparative cost and the net realizable price to determine which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal course of business less the estimated selling expenses.

(XI) Investments accounted for using the equity method

Investments/Associates Accounted for Using the Equity Method.

Associates are all entities over which the Company and its subsidiaries have significant influence, but are not subsidiaries or joint ventures. The term “significant influence” refers to the power to participate in the decision-making regarding the financial and operational policies of the investee, but does not imply control or joint control over such policies.

The operation results, assets, and liabilities of associates are included in the consolidated financial statements using the equity method. Under the equity method, the investments in associates are initially recognized at cost. Subsequently, the carrying amounts are adjusted to reflect the Company and its subsidiaries’ share of the associates’ profit or loss, other comprehensive income, and distributions of profits. In addition, the Company and its subsidiaries also recognizes changes in other interests in associates in proportion to the Company’s ownership.

The excess of acquisition cost over the Company and its subsidiaries' shares of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date is recognized as goodwill, which is included in the carrying amount of the investment and is not subject to amortization. If the Company and its subsidiaries' shares of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date exceed the acquisition cost, the excess shall be recognized as income immediately after re-evaluation.

When assessing impairment, the Company and its subsidiary regard the total carrying amount of the investment (including goodwill) as a single asset. The recoverable amount (the higher of value in use or fair value less costs of disposal) is compared with the carrying amount to perform the impairment test. The recognized impairment loss is included in the carrying amount of the investment. Any reversal of impairment losses shall be recognized within the scope of subsequent increases in the recoverable amount of the investment.

When the Company and its subsidiaries lose significant influence over the associates, their remaining investments in former associates is measured at fair value. The difference between the fair value of the remaining investments and the carrying amount of the investments on the date of losing significant influence, along with any proceeds from disposals, is recognized in the profit and loss for the current year. The Company and its subsidiaries accounted for all amounts recognized in other comprehensive income in relation to the associates on the same basis as would be required if the Company had directly disposed of the related assets and liabilities. If the Company and its subsidiaries' ownership interest in associates is reduced due to disposals, but the investment in the associates remains, the previously recognized gains or losses in other comprehensive income should be reclassified to profit or loss in proportion.

If the Company and its subsidiaries do not subscribe for the newly issued shares of an associate in proportion to their shareholding ratios, resulting in a change in shareholding ratios and a corresponding increase or decrease in the net asset value in investment, such increase or decrease is recognized as an adjustment to the capital surplus and investments accounted for using the equity method. However, if the ownership interests in an associate are reduced due to not subscribing for or acquiring shares in proportion to the shareholding ratio, the amounts recognized in other comprehensive income that relate to the associate shall be reclassified in proportion to the reduction. The accounting treatment follows the same basis as would be required if the associate directly disposed of related assets or liabilities.

The gains and losses arising from the countercurrent and side current transactions between the Company and its associates shall be recognized in the Parent Company Only Financial Statements only to the extent not related to the Company and its subsidiaries' equity in the associates.

(XII) Property, plant, and equipment

1. Recognition and measurement

Property, plant and equipment are recognized and measured at cost, less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of self-constructed assets includes raw materials and direct labor, any other directly attributable costs to bring the asset to a serviceable condition for its intended use, the cost of dismantling and removing the item and restoring the site, and the cost of borrowings to capitalize the eligible assets.

When property, plant and equipment contain different components, and it is more appropriate to adopt different depreciation rate or method when it is significant when compared with the total cost, they are deemed as independent items (main components) for treatment.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as profit or loss.

2. Subsequent costs

Subsequent expenditure for property, plant and equipment is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance for property, plant and equipment are expensed as incurred.

3. Depreciation

The depreciation is calculated in straight-line method by capital cost less scrap value based on service years, and evaluated according to individual material components. If the service years of one component are different from other parts, this part will be separately recognized as depreciation. The depreciation charge for each period shall be recognized in profit or loss.

The useful lives of the Consolidated Company's major assets are as follows

Housing and Construction	5 to 45 years
Machinery	2 to 10 years
Other Equipment	2 to 20 years
Transportation Equipment	3 to 5 years
Business facilities adopt Inventory Method	

Depreciation methods, useful lives, and residual values are audited at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

(XIII) Lease

1. Identifying a lease

The Consolidated Company assesses whether the contract is (or includes) a lease on the date of its establishment. If a contract is signed to have the control over the use of identified assets transferred for a period of time in exchange for a consideration, it is (or includes) a lease. In order to assess whether a contract is signed to have the control over the use of identified assets transferred for a period of time, the Consolidated Company assesses whether there are the following two factors throughout the period of use:

- (1) Rights to nearly all economic benefits of the identified asset have been received;
- (2) The control over the right to use the identified asset.

For contracts that are (or include) leases, the Consolidated Company will treat each lease component in the contract individually, and to separately treat them from the non-lease components in the contracts. Where a contract includes a lease component and one or more additional lease or non-lease components, the Consolidated Company allocates the consideration in the contract to the lease component on the basis of the relative separate price of each lease component and the aggregate separate price of non-lease components. The comparison single unit price of the lease and non-lease components will be decided upon the prices separately received by the lessor (or supplier) for such components. If observable single unit prices are not readily available, the Consolidated Company will maximize the use of observable information to estimate their respective single unit prices.

2. Where the Consolidated Company is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost, which includes the initial measured amount of the lease liability, adjusts any lease benefits paid on or before the inception of the lease, and adds the initial direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease 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 Consolidated Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured at the present value of the lease payments outstanding at the inception date of the lease. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the Consolidated Company's incremental borrowing rate shall be used.

The lease payments comprise as follows:

- (1) Fixed payments, including in-substance fixed lease payments;
- (2) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;

- (3) Amounts expected to be payable by the lessee under residual value guarantees;
- (4) An option to purchase the underlying asset if it is reasonably certain to be exercised, and penalty payments for terminating the lease.

The lease liability subsequently accrues interest with the effective interest method, and its amount is measured when the following occurs:

- (1) Changes in future lease payments resulting from changes in an index or a rate used to determine those payments;
- (2) Changes in the amounts expected to be payable under a residual value guarantee;
- (3) Changes in the assessment of the purchase option;
- (4) Change in the assessment of the lease term resulting from extension or termination of the exercise of the purchase option; or
- (5) Lease modifications of the underlying asset, scope, and other terms and conditions.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset shall be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

The changes in (4) and (5) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial or full termination of the lease liability, and any gain or loss resulting from the aforementioned derecognition is immediately recognized in profit or loss.

The Consolidated Company records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the consolidated balance sheets.

For the short-term leasing of transportation equipment and the leasing of low-value object assets, the Consolidated Company chooses not to recognize right-of-use assets and lease liabilities, but recognize related payment for lease as expenses on a straight-line basis during lease period.

3. Where the Consolidated Company is a lessor:

A lease is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the subject asset to the lessee; otherwise, it is classified as an operating lease.

If the Consolidated Company is a sublessor, it will handle the main lease and sub-lease transactions separately, and use the right-of-use assets generated by the main lease to evaluate the classification of the sub-lease transactions. If the main lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

Under finance leases, lease payments include fixed payment, substantially fixed payment and variable lease payment depending on index or rate. Net investment in leases is measured at the present value of lease receivables plus original direct costs and expressed as finance lease receivables. Financing income is allocated to each accounting period to reflect the fixed rate of return on the unexpired net lease investment of the Consolidated Company in each period.

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis over the lease term.

(XIV) Intangible assets

The intangible assets except goodwill acquired by the Consolidated Company are measured at cost less accumulated amortization and accumulated impairment.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized as profit or loss upon occurrence.

Intangible assets are amortized on a straight-line basis according to the following estimated benefit years from the time they reach a serviceable condition:

Land use right	: 50 years (according to the contract)
Computer software	: 3 to 10 years
Image design	: 15 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be audited at least annually at each fiscal year-end. Any change shall be accounted for as a change in accounting estimate.

(XV) Impairment of non-financial assets

The Consolidated Company assesses at the end of each reporting period whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The purpose of the impairment test, a group of assets whose cash inflow is mostly independent of other individual assets or asset groups, is regarded as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of an individual asset or cash-generating unit, less costs to dispose, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized immediately in loss for the year.

If an impairment loss is reversed subsequently, the carrying amount of the individual asset or cash generating unit is raised to its recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. The reversed impairment loss is recognized immediately in profit or loss for the year.

(XVI) Trade and notes payables

Trade and notes payables are obligations to be paid for raw materials, goods or services obtained from suppliers in the normal course of business. They are measured at fair value on initial recognition and subsequently measured at amortized cost using the effective interest method, except for short-term accounts payable and notes that are unpaid interest, which are subsequently measured at the original invoice amount because the effect of discounting is immaterial.

(XVII) Provisions

Provisions are recognized when the Consolidated Company has a present legal or constructive obligation as a result of past events, and it is probable that the Company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the best estimate including risks and uncertainties of the expenditure required to settle the obligation on the last day of the reporting period. If provisions are measured at the estimated cash flows to settle the present obligation, the carrying amount of such provisions is equivalent to the present value of such cash flows.

The provision for warranty is estimated based on the contractual agreements and management's best estimate (based on historical warranty experience) of future economic outflows resulting from the project maintenance and warranty obligations.

(XVIII) Revenue and cost recognition

1. Sales of premises

The Consolidated Company is principally engaged in the construction and sales of property, and the recognition of revenue is based on the transferring of property ownership. For the contracted sales of residential units, due to contract restrictions, the Consolidated Company usually does not apply the piece of real estate to other purposes. However, the Consolidated Company gains an enforceable right to payments for completed performance obligations when the legal ownership of the property is transferred to the customer, and the property has been physically delivered. Therefore, the Consolidated Company recognizes revenue at the point in time when the legal ownership of the property is transferred to the customer and the property has been physically delivered. However, revenue is also recognized if only one of these conditions is met within the reporting period, despite that the other occurs in the subsequent period.

Revenue is measured based on the transaction price of the contractual agreements. When sales happen after construction is completed, in most cases, consideration is made upon transfer of legal ownership; however, in some cases, payment of

accounts may be deferred under contractual agreements, and if a material financial component is included, the transaction price is adjusted to reflect the impact of the material financial component. When sales happen before construction is completed, consideration is payable in installments during the period from signing a contract to transfer of legal ownership of the real property. If a significant financing component is included in the contract, the installments are discounted at the interest rate of the construction loan to reflect the effect of time value of money. Prepayments are recognized as a contract liability, and discounts reflecting the effect of time value of money are recognized as interest expenses and contract liabilities. The accumulated contract liabilities are reclassified as revenue upon the transfer of legal ownership.

2. Accommodation and hospitality revenue

The Consolidated Company provides hospitality services and accommodations, etc. If services provided by the Consolidated Company exceed a customer's payables, a contract asset is recognized. If the customer's payables exceed the services rendered, a contract liability is recognized.

(1) Hospitality services are recognized when the product is sold to customers.

Payment of transaction price is due immediately when the products are purchased by customers.

(2) Accommodation is recognized as revenue in the reporting period in which the services are rendered to customers. The customer pays the contract price according to the agreed payment schedule.

3. Financial composition

The Consolidated Company's sales contract of pre-sale homes contains provisions for advance payment from customers, and the time between advance receipt and

commodity ownership transfer is longer than one year. According to IFRS 15, if the Consolidated Company judges that there are significant financing components in an individual pre-sale home contract, it shall adjust the amount of the commitment consideration and recognize the interest cost. In addition, IFRS 15 states that companies should determine the significance of the financing component only at the contract level, rather than the financial level at the portfolio level.

4. Rental revenue

Rental income generated from leasing is recognized as operating revenue on a straight-line basis over the lease term, and directly attributable depreciation expenses and related costs are recognized in conjunction with the revenue as operating costs.

5. Incremental costs of obtaining contracts

The Company recognizes the sales commission paid under the presale real estate consignment contract incurred at the time the customer signs the agreement. Within the recoverable amount, such commission is recognized as an incremental cost of obtaining the contract and as an asset, which is subsequently amortized when revenue is recognized. The incremental cost of acquiring contract is cost that will arise in acquiring customer contract and will not arise otherwise. The contract acquisition cost no matter the contract will happen or not is recognized as expense, unless the cost is explicitly collectable from customer no matter the contract is acquired or not.

If the increment cost of acquiring contract is recognized by asset and the asset amortization period is within one year by Consolidated Company using practical expediency method, the incremental cost will be recognized as expense upon occurrence.

(XIX) Borrowing costs

- (1) Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are included as part of the cost of the asset until substantially all of the activities necessary to bring the asset to its intended state of use have been completed.

Special loans, such as investment income from temporary investments prior to capitalization, are deducted from the cost of loans eligible for capitalization.

Except for the above, other borrowing costs are recognized in profit and loss in the year they are incurred.

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

(XX) Employee Benefit

1. Defined contribution plans

Obligations for contributions to defined contribution pension plan are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Consolidated Company's net obligation in respect of a defined benefit pension plan is calculated separately for each plan by estimating the amount discounted to present value of the future benefit that employees have

earned in return for their service in the current and prior periods. The fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield on the reporting date on corporate bonds or government bonds that have maturity dates approximating the terms of the Consolidated Company's obligations and are denominated in the same currency in which the benefits are expected to be paid.

The costs of defined benefits under the defined benefit pension plan include service cost, net interest, and the remeasurement amount. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods, costs related to prior service costs are recognized immediately in profit or loss.

Net defined benefit liabilities (assets) are the deficit of the contribution made according to the defined benefit pension plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

3. Employees' compensation and remuneration of directors

Employees compensation and remuneration to directors shall be recognized as expenses and liabilities where there are legal or constructive obligations and the amounts can be reasonably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. In addition, if employees compensation is issued in stock, the number of shares shall be calculated based on the closing price of the day prior to the resolution of the Board of Directors.

4. Short-term employee benefits

Short-term employee benefits obligations are recognized as expenses at the time services are rendered. If the Company has a current legal or presumed payment obligation due to services provided by employees in the past, and such obligation can be reliably estimated, the amount shall be recognized as a liability.

(XXI) Income tax

Income tax expenses include the tax in the current year and deferred income tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable income (deficits) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as adjustments to the payable income tax or receivable tax rebate of prior years. The additional business income tax levied on the undistributed earnings is recognized as income tax expense on the date when the distribution of earnings is resolved in the Shareholders' Meeting.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary difference for the following conditions will not be recognized as deferred income tax:

1. Assets or liabilities recognized at the initial recognition of transactions that are not classified as business combinations do not affect accounting profits and taxable income (loss) at the time of the transaction, nor do they result in equivalent taxable and deductible temporary differences.
2. Temporary differences arising from equity investments in subsidiaries, affiliates or joint ventures, the time for reverse of which may be controlled by the Consolidated Company and where there is a high probability that such temporary differences will not be reversed.
3. Initial recognition of goodwill.

Deferred income tax is measured at the tax rate at the time of reversal of expected temporary differences based on the statutory or substantive legislative tax rate at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis;
2. The taxing of deferred tax assets and liabilities fulfils one of the scenarios below:
 - (1) Levied by the same taxing authority;
 - (2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Unused tax losses, unused income tax credits transferred in later period and deductible temporary differences are recognized as deferred income tax assets to the extent that future tax income is likely to be available, and are reassessed at each reporting date and reduced to the extent that the relevant income tax benefit is not likely to be realized, or reversed on the amount originally reduced to the extent that there is likely to be sufficient taxable income.

(XXII) Earnings per share

The Consolidated Company presents the basic and diluted earnings per share of shareholders of common stock equity. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholder of the Consolidated Company divided by the weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Consolidated Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. If the employees' compensation is paid in the form of stock, it is classified as potential ordinary shares. If the potential ordinary shares are dilutive, diluted earnings per share is disclosed in addition to simple earnings per share. Diluted earnings per share assumes that all dilutive potential ordinary shares are outstanding during the period, so the current net income and the number of outstanding ordinary shares are adjusted for the effect of dilutive potential ordinary shares.

(XXIII) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants to compensate the Consolidated Company's expense are recognized as profit or loss on a systematic basis when the expense occurs.

(XXIV) Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses related to transactions with other components of the Company). Operating results of the operating segment are regularly reviewed by the Company's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(XXV) Dividend distribution

Dividends are recorded in the Consolidated Company's financial statements in the period in which they are approved by the Consolidated Company's Board of Directors. Cash dividends are recorded as liabilities. Stock dividends are recorded as stock dividends to be distributed and reclassified to ordinary shares on the base date of new share issuance.

V. Main Source of Significant Accounting Judgment, Estimation, and Assumption Uncertainties

The preparation of the Consolidated Financial Statements requires management to make critical judgments for applying the Consolidated Company's accounting policies with critical assumptions and estimates concerning future events. If there is any difference between any significant accounting estimates and assumption made and actual results, the historical experience and other factors will be taken into account in order to continue assessment and adjustment. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please see below for the description of significant accounting judgments, estimation and assumption uncertainties.

(I) Inventory evaluation

As inventories are measured at the lower of cost and net realizable value, the Consolidated Company shall determine the net realizable value of inventories at the end of the reporting period using judgments and estimates.

The Consolidated Company evaluates the amounts of normal inventory consumption, obsolete inventories or if market selling prices are lower than costs at the end of the reporting period, and writes down the cost of inventories to the net realizable value. This inventory valuation is primarily based on the nature of inventory, the actual selling prices of neighboring regions inquired, the selling prices of units sold, the return on investment analysis form or the valuation report provided by an external real property appraiser, and is therefore subject to significant changes.

(II) Impairment assessment of assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Consolidated 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.

(III) Provisions

Provisions are provisions for post-sale warranty liabilities, which are the present value of the Consolidated Company's management's best estimate of future economic outflows resulting from warranty obligations. The estimates are based on contractual agreements and management's historical warranty experience, and are subject to adjustment due to construction materials, construction methods or other events that affect product quality. These estimates are primarily based on economic outflows over the future warranty period and are subject to change.

VI. Descriptions of Material Accounting Items

(I) Cash and cash equivalents

Item	December 31, 2025	December 31, 2024
Cash on hand and petty cash	\$516	\$497
Demand deposits	1,170,156	1,999,341
Checking deposits	124	407
Time Deposit	0	1,000,000
Total	<u>\$1,170,796</u>	<u>\$3,000,245</u>

1. The Consolidated Company has established relationships with financial institutions that have a good credit, and the Consolidated Company collaborates with multiple financial institutions to diversify credit risk, anticipating that the likelihood of default is very low.
2. Bank time deposits with original maturities of less than three months, if intended to meet short-term cash commitments rather than for investment or other purposes, may be converted into fixed cash at any time, with minimal risk of value fluctuation, and should be reported as cash and cash equivalents.
3. The Consolidated Company's pre-sale construction project trust funds and other portions with restriction on use are classified as Other financial assets – current. Please refer to Note VI(IX) and Note XIII for details.
4. For the disclosed information on the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Consolidated Company, please refer to Note XII.

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

Item	December 31, 2025	December 31, 2024
Financial assets measured at fair value through profit or loss - non-current		
Non-derivative financial assets		
Domestic unlisted stocks (venture capital)	\$0	\$82

1. The Consolidated Company invests in domestic unlisted stocks, designating such investments as financial assets measured at fair value through profit or loss. The invested company has completed the liquidation process and distributed the remaining assets to shareholders in proportion to their shareholdings on December 30, 2025.
2. The Consolidated Company reported net gains from financial assets measured at fair value through profit or loss for 2025 and 2024, totaling NT\$0 thousand and NT\$1,107 thousand, respectively.
3. The Consolidated Company recognized dividend income from financial assets measured at fair value through profit or loss in the amounts of NT\$537 thousand and NT\$350 thousand for 2025 and 2024, respectively.
4. The Consolidated Company has disclosed the credit and interest rate risks associated with financial instruments in Note XII.
5. The aforementioned financial assets are not provided as collateral.

(III) Financial assets at amortized cost

Item	December 31, 2025	December 31, 2024
Current		
Short-term notes	\$500,000	\$0

1. The Consolidated Company holds contractual terms for the financial assets that generate cash flows on specific dates, solely for the payments of principal and interest on the principal amount outstanding; therefore, they are classified as financial assets measured at amortized cost.

2. The Consolidated Company has disclosed the credit and interest rate risks associated with financial instruments in Note XII.
3. None of the Consolidated Company's financial assets measured at amortized cost has been pledged as collateral.

(IV) Notes and trade receivables

Item	December 31, 2025	December 31, 2024
Notes receivable		
Less than 1 year	\$0	\$20,200
Trade receivables		
Less than 1 year	\$24,377	\$6,512
Less: Allowance for losses	(49)	(49)
Total	\$24,328	\$6,463
Trade receivables - related parties		
Less than 1 year	\$14	\$7

1. The Consolidated Company applies the simplified approach on the estimation of expected credit losses for all notes receivable and trade receivables, that is, a loss allowance is recognized based on the lifetime of expected credit losses. To measure the expected credit losses, notes and accounts receivables were grouped based on shared characteristics of credit risk on remaining payments before due date, and forward-looking information was incorporated as well, including macroeconomic and relevant industry information. The expected credit loss of notes receivable and trade receivables of the Consolidated Company is as follows:

	December 31, 2025		
	Carrying amount of notes receivable and trade receivables	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period
Not overdue	\$24,342	0%	\$0
Over 365 days	49	100%	49
Total	\$24,391		\$49

	December 31, 2024		
	Carrying amount of notes receivable and trade receivables	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period
Not overdue	\$26,670	0%	\$0
Over 365 days	49	100%	49
Total	\$26,719		\$49

The changes in the allowance for losses on notes and trade receivables of the Consolidated Company were as follows

	2025	2024
Beginning balance	\$49	\$0
Impairment losses recognized in this period	0	49
Ending balance	\$49	\$49

- The majority of the credit period of the Consolidated Company's receivables is the date of transfer of ownership of the premises to the bank, or the date of credit card payment for the premises and credit card payment for food and beverage services and room accommodations to the bank. Prepayments for decorations involve customers issuing long-term notes receivable that are contingent on design and construction; revenue is recognized only after the decoration is completed and inspected. The Consolidated Company is in the construction and tourism industry and has a large and unrelated customer base, so the concentration of credit risk is limited. Please refer to Note XII for related credit risk information.

3. The Consolidated Company's notes and accounts receivable are not provided as collateral.

(V) Other receivables

Item	December 31, 2025	December 31, 2024
Other receivables	\$5,953	\$8,140
Other receivables - related parties:	94	144
Total	\$6,047	\$8,284

1. Other receivables - Related parties refer to the sales expenses that should be allocated by the receivable landowners and the payments made on behalf of related enterprises.

2. The Consolidated Company's other receivables were assessed not to be impaired and were not past due.

(VI) Inventories

Item	December 31, 2025	December 31, 2024
Construction industry:		
Buildings held for sale	\$3,964,412	\$5,122,885
Land held for sale	1,082,695	1,656,395
Land under construction	2,187,346	1,819,482
Construction in progress	2,601,808	1,536,170
Land held for construction	26,613,186	26,038,037
Prepayment for land	59,712	290,210
Less: Allowance for reduction to valuation	(167)	(167)
Subtotal	\$36,508,992	\$36,463,012
Hospitality industry:		
Food	\$2,738	\$3,448
Beverage	1,246	1,148
Subtotal	\$3,984	\$4,596
Total	\$36,512,976	\$36,467,608

Item	December 31, 2025	December 31, 2024
1. Buildings held for sale		
King's Town	\$1,694,072	\$1,699,066
King's Town Hyatt	588,779	587,096
Hua Shang	114,478	114,478
Yiwen Court	15,288	39,335
Ju Dan	79,786	79,592
Tian Feng	79,189	131,270
Mei Shu Huang Ju	486,326	661,251
King's Town Garden	5,424	5,424
World of Heart	535,787	1,257,581
Yue He Di	28,824	28,824
Fu+	335,980	518,801
Other projects	479	167
Total	\$3,964,412	\$5,122,885
Less: Allowance for reduction to valuation	(167)	(167)
Net	\$3,964,245	\$5,122,718

Item	December 31, 2025	December 31, 2024
2. Land held for sale		
King's Town	\$168,776	\$171,425
King's Town Hyatt	43,219	43,219
Yiwen Court	8,475	21,266
Ju Dan	46,949	46,442
Tian Feng	32,895	56,109
Mei Shu Huang Ju	330,285	451,069
King's Town Garden	2,967	2,967
World of Heart	216,051	510,537
Yue He Di	28,078	28,078
Fu+	205,000	325,283
Total	\$1,082,695	\$1,656,395

Item	December 31, 2025		
3. Land under construction and construction in progress	Land under construction	Construction in progress	Total
Kaohsiung Fuhe Section No. 698-1	\$358,073	\$514,475	\$872,548
Kaohsiung Longzhong Section No. 191	370,653	742,354	1,113,007
Kaohsiung Bohsiao Section No. 1140 (Jing Wu Tong)	655,287	694,936	1,350,223
Tainan Yuguang Section No. 880, 4 in total	435,469	544,594	980,063
Kaohsiung Shixing Section 924, 4 in total	119,233	38,210	157,443
Kaohsiung Shixing Section 932, 5 in total	248,631	67,239	315,870
Total	<u>\$2,187,346</u>	<u>\$2,601,808</u>	<u>\$4,789,154</u>

Item	December 31, 2024		
Land under construction and construction in progress	Land under construction	Construction in progress	Total
Kaohsiung Fuhe Section No. 698-1	\$358,073	\$370,714	\$728,787
Kaohsiung Longzhong Section No. 191	370,653	439,969	810,622
Kaohsiung Bohsiao Section No. 1140 (Jing Wu Tong)	655,287	449,868	1,105,155
Tainan Yuguang Section No. 880, 4 in total	435,469	275,619	711,088
Total	<u>\$1,819,482</u>	<u>\$1,536,170</u>	<u>\$3,355,652</u>

Item	December 31, 2025	December 31, 2024
4. Land held for construction		
Kaohsiung Longzhong Section No. 129-3, 129-4	\$1,610,110	\$1,610,110
Kaohsiung Longzhong Section No. 128-4, etc, 3 in total	716,926	716,926
Kaohsiung Qinghai No. 229	4,278,594	4,278,594
Kaohsiung Qinghai No. 126	1,726,876	1,726,876
Kaohsiung Longzhong Section No. 128-3	52,266	52,266
Kaohsiung Lantian Middle Section No. 30-2	757,742	757,742
Kaohsiung Xingnan Section No. 11	259,585	259,585
Kaohsiung Longzhong Section No. 22	1,998,033	1,998,033
Kaohsiung Xinmin No. 159	1,626,208	1,620,780
Tainan Annan District Caohu Section No. 908.909.911 (originally Caohu Phase I)	401,748	0
Kaohsiung Shixing Section 924, 4 in total	0	119,233
Kaohsiung Shixing Section 932, 5 in total	0	248,631
Kaohsiung Longdong Section No. 1	513,991	513,991
Tainan Kanjiao North Section No. 820	3,399,645	3,398,965
Kaohsiung Xindu Section No. 49	46,653	46,653
Kaohsiung Xinzhuang 12 Sub-section No. 1175	265,530	265,530
Kaohsiung Shinkang Section No. 25	507,676	507,676
Kaohsiung Qinghai Section No. 565 and others	252,835	252,835
Kaohsiung Hsinsheng Section No. 27 and others	1,346,922	1,346,922
Kaohsiung Dapi Section No. 20.21	909,094	909,094
Kaohsiung Longdong Section No. 3	683,305	683,305
Kaohsiung Xinmin Section No. 289.290	1,018,706	1,018,706
Tainan Kanjiao South Section No. 13	7,472	7,472
Kaohsiung Qinghai Section No. 566	319,962	0
Tainan Kanjiao South Section No. 11	21,426	0
Kaohsiung Xinzhuang 12 Sub-section No. 1167	353,383	353,383
Transferable land and deformed land	3,538,498	3,344,729
Total	<u>\$26,613,186</u>	<u>\$26,038,037</u>

Item	December 31, 2025	December 31, 2024
5. Prepayment for land		
Tainan Annan District, Caohu Phase I	\$0	\$201,677
Kaohsiung Fumin Section No. 18 and others	40,048	0
Transferable land and deformed land	19,664	88,533
Total	<u>\$59,712</u>	<u>\$290,210</u>

6. The information related to interest capitalization is as follows:

	December 31, 2025	December 31, 2024
The amount of capitalized interest	<u>\$112,966</u>	<u>\$153,769</u>

7. The land purchased or sold in Kaohsiung City and Tainan City is recorded as prepaid land at the time of signing the contract and paying for each installment and is transferred to the land for future construction after the transfer.

8. The Consolidated Company and SanDi Properties Co., Ltd. jointly invest in the construction of 83 plots of land in Kanjiao North Section, Tainan, including No. 820, and 4 plots of land in Kanjiao South Section, including No. 32. Both parties have a joint venture ratio of 50% each, as detailed in Note IX.

9. Please refer to Note VIII to the financial statements for the pledge of premises for sale, premises under construction and construction sites.

10. Cost of inventories transferred to cost of goods sold amounted to NT\$1,867,413 thousand and NT\$4,983,358 thousand for 2025 and 2024, respectively; inventory write-down reversal benefits were nil in both years.

(VII) Prepayments

Item	December 31, 2025	December 31, 2024
Prepaid expenses	\$791,939	\$709,192
Supplies inventories	3,921	4,833
Input tax	27	63
Excess VAT paid	3,611	0
Total	\$799,498	\$714,088

1. Prepaid expenses primarily consist of prepayments for various administrative expenses, costs related to construction in progress, and insurance premiums.
2. Supplies inventory is the balance of supplies used in guest rooms and restaurants.

(VIII) Other current assets

Item	December 31, 2025	December 31, 2024
Payments on behalf of others	\$1,333	\$1,313
Incremental costs of obtaining contracts	8,235	8,235
Total	\$9,568	\$9,548

(IX) Other financial assets - current

Item	December 31, 2025	December 31, 2024
Restricted bank deposits	\$33,292	\$33,373

Other financial assets - current for the consolidated company include trust funds for presale construction projects, issued gift vouchers, performance trusts for construction prepayments, and contingency accounts, which are secured by pledged bank deposits.

Please refer to Note VIII.

(X) Investments accounted for using the equity method

Name of Investee	December 31, 2025		December 31, 2024	
	Amount	Shareholding	Amount	Shareholding
Yangmin International Catering Co., Ltd.	\$15,226	40%	\$15,872	40%

1. In 2016, the Consolidated Company invested in Yangmin International Catering Co., Ltd. at a cost of NT\$8,000 thousand, which is mainly engaged in restaurant operations. Investments accounted for using the equity method are recognized on the basis of the investee's share of the financial statements audited by other accountants during the same period. As of December 31, 2025 and 2024, the carrying amount of investments was NT\$15,226 thousand and NT\$15,872 thousand, respectively, each representing 0.04% of the total consolidated assets. The share of profit from associates recognized under the equity method for 2025 and 2024 was NT\$2,976 thousand and NT\$4,024 thousand, accounting for 0.47% and 0.14% of the consolidated profit or loss, respectively.

2. Associate

- (1) The basic information of the Consolidated Company's associates is as follows.

Name of Investee	Main Operation Locations	Principal Business Operation	Percentage of ownership interest and voting rights held by the Consolidated Company	
			December 31, 2025	December 31, 2024
Yangmin International Catering Co., Ltd.	Taiwan	Catering business	40%	40%

- (2) Aggregate financial information of the Consolidated Company's associates is as follows.

Balance Sheet

	Yangmin International Catering Co., Ltd.	
	December 31, 2025	December 31, 2024
Current assets	\$40,001	\$39,923
Non-current assets	6,350	8,565
Current liabilities	(8,286)	(8,807)
Non-current liabilities	0	0
Net assets	<u>\$38,065</u>	<u>\$39,681</u>

Comprehensive Income Statement

	Yangmin International Catering Co., Ltd.	
	December 31, 2025	December 31, 2024
Net Operating Revenue	<u>\$75,040</u>	<u>\$80,085</u>
Gross profit	<u>\$35,574</u>	<u>\$37,751</u>
Current net income	<u>\$7,439</u>	<u>\$10,062</u>
Other comprehensive income/(loss) (after tax)	<u>\$0</u>	<u>\$0</u>
Total comprehensive income	<u>\$7,439</u>	<u>\$10,062</u>
Dividends received from the associates	<u>\$3,622</u>	<u>\$4,794</u>

3. The Consolidated Company's investments accounted for under the equity method are not pledged as collateral.

(XI) Property, plant, and equipment

	<u>Housing and Construction</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Other Equipment</u>	<u>Operating equipment</u>	<u>Total</u>
Cost						
2025.01.01	\$972,412	\$1,990	\$4,709	\$53,927	\$15,097	\$1,048,135
Increase	5,423	667	0	11,563	1,116	18,769
Disposal and obsolescence	0	0	0	(3,240)	(1,643)	(4,883)
2025.12.31	<u>\$977,835</u>	<u>\$2,657</u>	<u>\$4,709</u>	<u>\$62,250</u>	<u>\$14,570</u>	<u>\$1,062,021</u>
2024.01.01	\$974,321	\$7,950	\$4,709	\$62,582	\$15,758	\$1,065,320
Increase	171	0	0	1,319	2,525	4,015
Disposal and obsolescence	(2,080)	(5,960)	0	(9,974)	(3,186)	(21,200)
2024.12.31	<u>\$972,412</u>	<u>\$1,990</u>	<u>\$4,709</u>	<u>\$53,927</u>	<u>\$15,097</u>	<u>\$1,048,135</u>
Accumulated depreciation and impairment						
2025.01.01	\$467,633	\$1,374	\$1,552	\$33,877	\$0	\$504,436
Depreciation	58,530	231	798	8,487	0	68,046
Disposal and obsolescence	0	0	0	(2,816)	0	(2,816)
2025.12.31	<u>\$526,163</u>	<u>\$1,605</u>	<u>\$2,350</u>	<u>\$39,548</u>	<u>\$0</u>	<u>\$569,666</u>
2024.01.01	\$408,125	\$3,424	\$754	\$31,847	\$0	\$444,150
Depreciation	61,588	246	798	6,691	0	69,323
Disposal and obsolescence	(2,080)	(2,296)	0	(4,661)	0	(9,037)
2024.12.31	<u>\$467,633</u>	<u>\$1,374</u>	<u>\$1,552</u>	<u>\$33,877</u>	<u>\$0</u>	<u>\$504,436</u>
Net carrying amount						
2025.12.31	<u>\$451,672</u>	<u>\$1,052</u>	<u>\$2,359</u>	<u>\$22,702</u>	<u>\$14,570</u>	<u>\$492,355</u>
2024.12.31	<u>\$504,779</u>	<u>\$616</u>	<u>\$3,157</u>	<u>\$20,050</u>	<u>\$15,097</u>	<u>\$543,699</u>
2024.01.01	<u>\$566,196</u>	<u>\$4,526</u>	<u>\$3,955</u>	<u>\$30,735</u>	<u>\$15,758</u>	<u>\$621,170</u>

- (1) Housing and construction refer to that in July 2012, the Consolidated Company entered into a land right deed with the Kaohsiung City Government for the establishment of land rights at Lot 22, Longbei Section, Kaohsiung City for a period of 50 years for the construction of a tourist hotel, which was completed in May 2017. The building was classified as investment property in the Company's individual financial statements and a lease agreement was signed with a subsidiary on January 18, 2017 for the operation of the tourist hotel business by the subsidiary, which is the property, plant and equipment of the Consolidated Company.
- (2) Please refer to Note VIII to the financial statements for the guarantees provided by property, plant and equipment.
- (3) Please refer to Note VI(XVIII) for information on property, plant and equipment and self-owned assets held by the Consolidated Company, including construction land and land and premises for sale, that are leased to others under operating leases.

(XII) Right-of-use assets

1. Major lease activities and terms

The Consolidated Company acquired the land right of the Kaohsiung Municipal Government located at No. 22, Longbei Section, Gushan District for the construction of a tourist hotel for a period of 50 years and agreed that the Consolidated Company shall not assign, mortgage, lease or lend the land to others for construction use except with the prior consent of the Kaohsiung Municipal Government, and upon the termination of the continuance period, the Consolidated Company shall have no contractual preferential rights to acquire all the leased land. Due to the adjustment of the declared land value in 2026, the

Kaohsiung City Government adjusted the rent in accordance with the declared land value starting from January 1, 2026. The Consolidated Company recalculated the adjusted lease liabilities and correspondingly adjusted the carrying amount of the right-of-use assets.

2. Below is the carrying amounts of right-of-use assets and their recognized depreciation expenses:

	2025	2024
Cost		
Balance on January 1	\$74,676	\$74,676
Remeasurement impact	12,012	0
Balance on December 31	<u>\$86,688</u>	<u>\$74,676</u>
Accumulated depreciation		
Balance on January 1	\$9,416	\$7,672
Depreciation	1,744	1,744
Balance on December 31	<u>\$11,160</u>	<u>\$9,416</u>
Carrying amount		
Balance on January 1	<u>\$65,260</u>	<u>\$67,004</u>
Balance on December 31	<u>\$75,528</u>	<u>\$65,260</u>

3. Please refer to Note VI(XVIII) for the description of lease liabilities.

(XIII) Intangible assets

Cost	Land use rights	Others	Total
Balance as of January 1, 2025	\$200,020	\$6,050	\$206,070
Balance as of December 31, 2025	\$200,020	\$6,050	\$206,070
Balance as of January 1, 2024	\$200,020	\$6,102	\$206,122
Increase	0	272	272
Disposal and obsolescence	0	(324)	(324)
Balance as of December 31, 2024	\$200,020	\$6,050	\$206,070
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2025	\$50,005	\$4,349	\$54,354
Amortization	4,001	489	4,490
Balance as of December 31, 2025	\$54,006	\$4,838	\$58,844
Balance as of January 1, 2024	\$46,004	\$4,053	\$50,057
Amortization	4,001	482	4,483
Disposal and obsolescence	0	(186)	(186)
Balance as of December 31, 2024	\$50,005	\$4,349	\$54,354
<u>Carrying amount</u>			
Balance as of December 31, 2025	\$146,014	\$1,212	\$147,226
Balance as of December 31, 2024	\$150,015	\$1,701	\$151,716
Balance as of January 1, 2024	\$154,016	\$2,049	\$156,065

- The amortization expenses of intangible assets for 2025 and 2024 are reported under the following items in the consolidated income statement.

Item	2025	2024
Manufacturing overheads	\$2,801	\$2,800
Operating expenses	1,689	1,683
Total	\$4,490	\$4,483

- In July 2012, the Consolidated Company entered into a land right deed with the Kaohsiung City Government for the establishment of the land at Lot 22, Sec. 22, Longbei, Kaohsiung City, with a royalty amount of \$200,020 thousand for the period from July 2012 to July 2062 for the construction of a tourist hotel. The aforementioned land lease is recognized as a right-of-use asset.
- As of the end of each reporting period, the Consolidated Company has not provided any collateral guarantees for its intangible assets.

(XIV) Short-term borrowings/Short-term bills payable

	December 31, 2025	December 31, 2024
1. Short-term borrowings		
Secured loans	\$2,745,325	\$2,636,475
Unused limit	\$5,810,000	\$4,606,000
Interest rate range	2.345%~3.15%	2.345%~3.14%
Repayment period	2026.03.21~2028.06.30	2025.02.28~2028.06.30
2. Short-term bills payable	\$4,521,100	\$4,454,000
Less: Discount on short-term bills payable	(6,026)	(8,474)
Net	\$4,515,074	\$4,445,526
Interest rate range	2.758%~3.098%	1.808%~3.038%
Unused limit	\$1,470,950	\$1,658,531

The Consolidated Company pledged its inventories and related parties' real estate as collateral for bank loans and commercial paper, please refer to Notes VII and VIII.

(XV) Provisions - current

	2025	2024
Warranty provision		
Balance on January 1	\$47,062	\$45,488

Current Period Increase (Decrease)	(2,593)	1,574
Balance on December 31	\$44,469	\$47,062

Warranty provision represents post-sale warranty expenses based on historical experience and management's judgment of the present value of estimated future economic outflows, which are expected to be incurred within five years after the completion of the housing units or the expiration of the construction contractor's warranty period.

(XVI) Collection

Item	December 31, 2025	December 31, 2024
Land collections	\$0	\$6,796
Building collections	1,557	13,196
Decoration collections	10,000	17,094
Collections - others	4,383	36,124
Total	\$15,940	\$73,210

(XVII) Long-term borrowings

Nature of borrowings	Loan period and repayment method	December 31, 2025	December 31, 2024
Long-term bank borrowings			
Secured borrowings	Originally from March 2020 to March 2025, the term was extended to March 2029. Interest will be paid monthly, and the principal will be repaid in full at maturity.	\$1,178,000	\$1,178,000
Secured borrowings	From March 2020 to December 2028, interest will be paid monthly, with annual reviews of the loan terms, and repayment will be made in accordance with the agreement.	1,436,000	1,511,600
Secured borrowings	From June 2019 to June 2026, interest will be paid monthly, with annual reviews of the loan terms, and repayments are made in accordance with the agreement.	493,800	519,800
Secured borrowings	From April 2024 to October 2026, interest will be paid monthly, with annual reviews of the loan terms, and repayment will be made in accordance with the	2,126,000	2,128,000

Nature of borrowings	Loan period and repayment method	December 31, 2025	December 31, 2024
Secured borrowings	From January 2022 to January 2027, interest will be paid monthly, with annual reviews of the loan terms, and repayment will be made in accordance with the agreement.	158,871	167,233
Secured borrowings	From October 2024 to October 2028, interest will be paid monthly, with annual reviews of the loan terms, and repayment will be made in accordance with the agreement.	214,420	214,420
Secured borrowings	From December 2024 to December 2029, interest will be paid monthly, with annual reviews of the loan terms, and repayment will be made in accordance with the agreement.	258,115	271,700
Secured borrowings	From July 2017 to July 2032, the loan period is 15 years (including a 2-year grace period). During the grace period, interest will be paid monthly, and after the grace period ends, the principal will be amortized using the effective interest method.	344,634	392,451
Secured borrowings	From December 2024 to December 2027, interest will be paid monthly, with annual reviews of the loan terms, and repayment will be made in accordance with the agreement.	374,129	375,000
Secured borrowings	From December 2023 to July 2027, interest will be paid monthly, with annual reviews of the loan terms, and repayment will be made in accordance with the agreement.	163,530	172,140
Secured borrowings	From March 2023 to September 2027, interest will be paid monthly, with annual reviews of the loan terms, and repayment will be made in accordance with the agreement.	\$126,250	\$132,900
Secured borrowings	From December 2022 to December 2027, interest will be paid monthly, and the principal will be repaid in full	415,000	415,000

Nature of borrowings	Loan period and repayment method	December 31, 2025	December 31, 2024
	at maturity.		
Secured borrowings	From May 2023 to May 2026, interest will be paid monthly, and the principal will be repaid in full at maturity.	2,000,000	2,000,000
Secured borrowings	From May 2023 to May 2026, interest will be paid monthly, and repayment will be made in accordance with the agreement.	900,000	1,113,000
Secured borrowings	From January 2022 to January 2027, interest will be paid monthly, and the loan terms will be reviewed annually. Repayments will be made in accordance with the agreement. In September 2025, due to the collateral of construction land being invested in ongoing projects, the borrowings were reclassified as short-term borrowings.	0	175,175
Secured borrowings	Originally from October 2019 to October 2025, the term was extended to October 2026. The interest was to be paid monthly. The principal was fully repaid in accordance with the agreement in advance in September 2025.	0	560,350
Secured borrowings	From June 2023 to June 2025, interest was paid monthly, and the principal will be repaid in full at maturity.	0	261,382
Total		<u>\$10,188,749</u>	<u>\$11,588,151</u>
Less: Net long-term borrowings due within one year or one operating cycle		<u>(5,694,610)</u>	<u>(674,695)</u>
Net		<u>\$4,494,139</u>	<u>\$10,913,456</u>
Unused limit		<u>\$2,189,604</u>	<u>\$2,081,900</u>
Interest rate range		<u>2.365%~3.377%</u>	<u>2.365%~3.252%</u>

Long-term bank borrowings were secured by the Consolidated Company's inventories, investment properties, and real estate provided by related parties. Please refer to Notes VII and VIII for details.

(XVIII) Lease agreements

- The Consolidated Company's lease liabilities are as follows

December 31, 2025	December 31, 2024
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Current	\$1,566	\$1,305
Non-current	\$77,154	\$66,708

Please refer to Note XII for maturity analysis.

The Consolidated Company leases land located at No. 22, Longbei Section, Gushan District, Kaohsiung City from the Kaohsiung City Government. The land use rights date back to 1961, and the rent is calculated at 5% of the assessed land value tax amount. On January 1, 2026, the lease consideration was reassessed due to adjustments in the declared land value, leading to a re-evaluation of the lease liabilities and right-of-use assets. From January 1 to December 31, 2025 and 2024, there were no new or terminated leases resulting in significant lease liabilities, nor any circumstances of repurchase or repayment.

2. The amount of leases recognized in profit or loss was as follows

	2025	2024
Interest expense – lease obligations payable	\$1,161	\$1,184
Short-term lease expenses	\$2,822	\$3,197
Expense on leases with low-value underlying assets	\$924	\$996
Total cash flows on lease	\$7,320	\$5,827

The Consolidated Company selects to apply recognition exemptions to leases of vehicles, office spaces, and low-value business machines that qualify as short-term leases, and does not recognize the related right-of-use assets and lease liabilities for the said leases.

3. Lessor lease (recorded as operating income)
- (1) The Consolidated Company leases, premises for sale and construction sites, which are classified as operating leases because almost all the risks and remuneration attached to the ownership of the underlying assets have not been transferred.
- (2) The Consolidated Company recognized fixed lease payments, rent income dependent on index or rate changes, and variable lease income calculated based on actual parking volume and duration under operating lease agreements (recorded as operating income) of NT\$67,197 thousand and NT\$41,290 thousand for the years from January 1 to December 31, 2025 and 2024, respectively.
- (3) The maturity analysis of lease payments under operating leases of the Consolidated Company to report the total undiscounted lease payments to be received in the future is presented as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Within 1 year	\$41,451	\$26,844
1 to 2 years	17,125	22,943
2 to 3 years	12,116	13,597
3 to 5 years	11,473	15,674
Over 5 years	4,887	4,497
Non-discounted future cash flows of lease	<u>\$87,052</u>	<u>\$83,555</u>

- (4) The Consolidated Company originally had a lease agreement for the period from October 1, 2019 to February 28, 2035; however, litigation with the lessee commenced immediately after the agreement was signed. As no rent has been collected since the inception of the lease, it is not included in the above table. This lease was terminated on April 30, 2024.
- (5) The Consolidated Company holds lands for construction provided for lease as a parking lot for a period ranging from 9 to 15 years. The rent is charged at 73% of the operating income of the leased property, which is not included in the above undiscounted rental payment since the monthly revenue is calculated according to the actual number and time of parking and is variable.

(XIX) Share capital

1. As of December 31, 2025 and December 31, 2024, the Company's total authorized share capital was both NT\$5,000,000 thousand, with a par value of NT\$10, and its paid-in capital were NT\$3,659,835 thousand and NT\$3,694,196 thousand, respectively, with 365,983 thousand and 369,419 thousand common shares issued, respectively, and payments for all issued shares have been received.

	<u>2025</u>	<u>2024</u>
Number of shares outstanding at the beginning of the period (in thousands)	369,419	369,419
Employee compensation to capital increase (in thousands)	521	0
Cancellation of repurchase treasury shares (in thousands)	(3,957)	0
Number of shares outstanding at the end of the period (in thousands)	<u>365,983</u>	<u>369,419</u>

2. On March 13, 2025, the Board of Directors of the Consolidated Company resolved to issue 520,945 new shares by transferring employees' remuneration of \$31,725 thousand, and the number of shares issued was calculated based on the closing price on the day before the board of directors' resolution. This capital increase was reported to the Financial Supervisory Commission on June 23, 2025, and the board of directors resolved on June 26, 2025, that the base date for the capital increase is October 2, 2025.
3. Treasury shares
 - (1) On April 8, 2025, the Board of Directors of the Company resolved, in accordance with Article 28-2 of the Securities and Exchange Act, to repurchase shares and cancel them in order to maintain the Company's credit and protect shareholder equity. From April 9, 2025, to June 6, 2025, the Company may repurchase up to 10,000 thousand shares of common stock from the Taiwan Stock Exchange at a price range of NT\$38.5 to NT\$70. However, if the Company's stock price falls below the lower limit of the repurchase price range, the repurchase will continue to be executed. As of December 31, 2025, a total of 3,957 thousand treasury shares were repurchased at an average repurchase price of NT\$49.40 per share, resulting in a total repurchase cost of NT\$195,480 thousand.
 - (2) On September 24, 2025, the Company's Board of Directors resolved to cancel 3,957 thousand of the repurchased treasury shares, reducing capital by NT\$39,570 thousand, with the base date of September 25, 2025, and after the cancellation of 3,957 thousand shares issued, the number of common shares outstanding was 365,983 thousand. The difference between the carrying amount and the par value of treasury shares is adjusted to the capital surplus in proportion to the cancellation, and any deficit is then transferred to retained earnings.

(3) According to the Securities and Exchange Act, the number of shares outstanding repurchased by the Company shall not exceed 10% of the number of issued shares, and the total amount repurchased shall not exceed the sum of the Company's retained earnings, share premium, and realized capital surplus.

(4) Treasury shares held by the Company shall not be pledged in accordance with the Securities and Exchange Act, and prior to their transfer, shall not be entitled to dividend distributions, voting rights or other shareholder's rights.

(XX) Capital surplus

The changes in capital surplus of the Company are as follows:

	December 31, 2025	December 31, 2024
Shares premium	\$34,598	\$8,082
Cancellation of treasury shares transactions	(370)	0
Net	<u>\$34,228</u>	<u>\$8,082</u>

In accordance with the Company Act, capital surplus must first be used to cover losses before new shares or cash can be issued in proportion to the shareholders' original shares. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital surplus may be capitalized in an amount not exceeding 10% of the paid-in capital each year.

(XXI) Retained earnings

1. Based on the Articles of Incorporation, the annual earnings of the Company shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earning to the legal reserve (not applicable where accumulated legal reserve has reached the amount required by law and regulations)

and a special reserve in accordance to CMP's operating needs and pursuant to the applicable law and regulations. Any retained earnings available for distribution together with accumulated undistributed retained earnings may be proposed by the Board of Directors to appropriate and be resolved at the Annual General Meeting. The percentage of cash dividends shall not be less than 10% of the total amount distributed. The percentage shall be determined by the Board of Directors after considering the financial condition of the Company, except that no cash dividends may be paid when the debt ratio in the annual financial statements exceeds 50%. The ratio of stock dividends and cash dividends mentioned in the preceding paragraph shall be adjusted according to the relevant laws and regulations. The adjustment shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution. At the shareholders' meeting held on June 26, 2025, the Company resolved to amend its Articles of Incorporation to include the following provision: dividends and bonuses to be distributed, capital surplus or legal reserve may be distributed, in whole or in part, in cash pursuant to a resolution of the Board of Directors attended by two-thirds or more of the directors and approved by a majority of the directors present, and such distribution shall be reported to the shareholders' meeting. Such distribution shall not be subject to the aforementioned provision requiring shareholders' meeting resolution. Please refer to Note VI(XXVIII) for the employee compensation distribution policy set forth in the Articles of Incorporation.

2. Legal reserve

According to the Company Act, after-tax surplus profits shall first set aside 10% of said profits as legal reserve, unless legal reserve equals to the paid-in capital. Legal reserve funds can be used to offset company losses. When there are no

losses, the distribution of new shares or cash can be decided by a shareholder meeting resolution, based on the proportion of the shareholders' existing shares. However, the distribution of new shares or cash is limited to the portion of the reserve that exceeds 25% of the paid-in capital amount.

3. Dividend distribution

The Company held its annual general shareholders' meetings on June 26, 2025, and June 27, 2024, during which the distribution of profits for 2024 and 2023 was approved, respectively. It was resolved to allocate the statutory reserve as required, with the remaining profits not to be distributed.

4. On March 12, 2026, the Board of Directors resolved to approve the proposed earnings distribution for 2025. It was resolved to allocate the statutory reserve as required, with the remaining earnings not to be distributed.

For related information, please visit the Market Observation Post System or other channels.

(XXII) Operating revenue

	2025	2024
Land revenue	\$1,578,056	\$5,413,312
Building revenue	1,744,753	3,539,914
Rental revenue	67,197	41,290
Accommodation service revenue	175,529	162,839
Catering service revenue	109,512	126,068
Total	<u>\$3,675,047</u>	<u>\$9,283,423</u>

1. Revenue breakdown

	2025	2024
Major regional markets		
Taiwan	<u>\$3,675,047</u>	<u>\$9,283,423</u>

	2025	2024
Major products/service		
Sales of premises	\$3,322,809	\$8,953,226
Rental revenue	67,197	41,290
Accommodation service revenue	175,529	162,839
Catering service revenue	109,512	126,068
Total	<u>\$3,675,047</u>	<u>\$9,283,423</u>

	2025	2024
Timing of revenue recognition:		
At a fixed point in time	\$3,432,321	\$9,079,294
Performance obligations fulfilled over time	242,726	204,129
Total	<u>\$3,675,047</u>	<u>\$9,283,423</u>

2. Contract balance

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	\$0	\$20,200	\$16,676
Long-term notes receivable	0	0	20,000
Trade receivables	24,342	6,470	10,717
Total	<u>\$24,342</u>	<u>\$26,670</u>	<u>\$47,393</u>
Contract liabilities - Sale of premise	\$336,560	\$698,296	\$678,540
Contract liabilities - Advances from rent	2,489	1,309	1,274
Contract Liabilities - Rooms and catering services	9,966	10,298	10,918
Contract liabilities - Advances from gift card	16,192	16,900	17,118
Total	<u>\$365,207</u>	<u>\$726,803</u>	<u>\$707,850</u>

(1) The amount from the opening contract liabilities recognized in operating income was NT\$646,805 thousand and NT\$438,566 thousand from January 1 to December 31, 2025 and 2024, respectively.

- (2) The changes in contract liabilities primarily arise from the differences between the timing of the Consolidated Company transferring goods or services and fulfilling performance obligations, and the timing of customer payments.
- (3) The Consolidated Company’s contracts for the sale of pre-sale premises and advances from gift cards contain provisions for pre-receipt of payments from customers, and the time interval between the pre-receipt and the transfer of merchandise control is longer than one year. According to IFRS 15, contract liabilities related to sales of pre-sale of premises and advances from gift cards contracts were recognized.
- (4) To ensure the smooth construction and delivery of its presale projects, the Consolidated Company placed the aforementioned amounts received in advance into trust and classified them as “Other financial assets - current.”

	December 31, 2025	December 31, 2024
Other financial assets - current	\$18,915	\$18,801

As of December 31, 2025 and 2024, the Consolidated Company has entered into trust agreements with banks regarding the aforementioned construction projects, entrusting them to manage the funds related to the payments made by pre-sale purchasers. The trust period is agreed to last until the project is completed, the occupancy permit is obtained, and the first ownership registration of the property is completed.

- (5) As of December 31, 2025, details of the Jing Wu Tong Project, for which the Consolidated Company has established a pre-sale proceeds trust as a result of property pre-sales, are described as follows:

- a. As of record date, the amounts required to be delivered into trust were consistent with the actual amounts deposited or remitted.
- b. All payments made by purchasers were deposited (remitted) into the designated trust account within the same period, with no instances of delayed delivery.

(XXIII) Interest income

	2025	2024
Interest on bank deposits	\$16,024	\$7,535
Interest income from corporate bond investments	8,886	0
Other interest income	1	2
Total interest income	<u>\$24,911</u>	<u>\$7,537</u>

(XXIV) Other income

	2025	2024
Dividend income	\$537	\$350
Other income - others	1,437	2,625
Total	<u>\$1,974</u>	<u>\$2,975</u>

(XXV) Other gains and losses

	2025	2024
Foreign currency exchange gains	\$6	\$5
Gain on the financial assets measured at fair value through profit or loss	0	1,107
Disposition of asset losses	(424)	(9,115)
Others	(37)	(1,673)
Total	<u>(\$455)</u>	<u>(\$9,676)</u>

(XXVI) Finance costs

	2025	2024
Interest expenses		
Bank borrowings	\$498,110	\$477,198
Lease liabilities	1,162	1,184
Interest accrued on deposits	114	70
Less: Capitalization of interest	(112,966)	(153,769)
Finance costs	<u>\$386,420</u>	<u>\$324,683</u>

(XXVII) Post-retirement benefit plans

1. Defined contribution plans

Since July 1, 2005, the Consolidated Company has adopted a defined contribution retirement plan in accordance with the Labor Pension Act. Regarding the portion of the retirement pension system prescribed by the “Labor Pension Act” applicable to employee, the Consolidated Company contributes 6% of employees’ monthly salaries to the individual accounts of the Bureau of Labor Insurance. Under the plan, the Consolidated Company has no legal or agreed obligation to make additional contributions after making fixed contributions to the Bureau of Labor Insurance. The Consolidated Company recognizes the following pension expenses related to the established allocation plan:

	2025	2024
Selling and marketing expenses - Retirement benefits expenses	<u>\$2,239</u>	<u>\$2,241</u>
General and administrative expenses - Retirement benefits expenses	<u>\$2,389</u>	<u>\$2,348</u>
Operating costs - Retirement benefits expenses	<u>\$1,507</u>	<u>\$1,497</u>

2. Defined benefit plans

In compliance with the requirements set forth in the Labor Standards Act, the Company has stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Act), the implementation of the Labor Pension Act on July 1, 2005. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Consolidated Company sets aside 2% of the employee's total salary each month as pension funds and deposit it to the designated account under the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. Before the end of each year, the Consolidated Company shall assess the balance in the designated account. If the total available amount of the appropriation is less than the amount required for the payment of pensions to all the employees who are eligible to retire in the following year, calculated according to the above method, the Consolidated Company will make up the deficiency in one single appropriation before the end of March in the following year. The designated account shall be accepted by the agency determined by the central competent authority, so the Consolidated Company has no right to participate in the use of pension fund.

- (1) The amount of retirement benefits expenses recognized in the consolidated statement of income for the defined benefit plans were as followed:

	2025	2024
Service costs for the current period	\$43	\$120
Net interest on defined benefit liabilities (assets)	248	256
Recognized in profit or loss	<u>\$291</u>	<u>\$376</u>
Remeasurements		
Compensation on plan assets (excluding net interest on net defined benefit liabilities (assets))	(\$2,239)	(\$2,731)
Actuarial losses (gains) - experience adjustments	1,247	1,933
Actuarial losses (gains) - changes in financial assumptions	206	(683)
Recognized in other comprehensive income	<u>(\$786)</u>	<u>(\$1,481)</u>

- (2) Retirement benefits expenses recognized in profit or loss for the aforementioned defined benefit plans were included as follows:

	2025	2024
Selling and marketing expenses	\$13	\$27
General and administrative expenses	278	349
Total	<u>\$291</u>	<u>\$376</u>

- (3) The amounts recognized in the consolidated balance sheet for obligations from defined benefit plans were as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	\$43,828	\$44,941
Fair value of plan assets	(30,326)	(30,648)
Net defined benefit liabilities	<u>\$13,502</u>	<u>\$14,293</u>

- (4) The changes in the present value of the defined benefit obligation were as follows:

	2025	2024
Beginning balance	\$44,941	\$46,209
Service costs for the current period	43	120
Interest expenses	640	550
Remeasurements		
Actuarial losses (gains) - experience adjustments	1,247	1,933
Actuarial losses (gains) - changes in financial assumptions	206	(683)
Benefits paid on plan assets	(3,249)	(3,188)
Ending balance	\$43,828	\$44,941

- (5) Change in fair value of plan assets were as follows:

	2025	2024
Fair value of plan assets at the beginning of the period	\$30,648	\$27,452
Expected return on plan assets	392	294
Remeasurements of plan assets (excluding net interest included in net defined benefit liabilities (assets))	2,239	2,731
Contribution by the employer	296	3,359
Actual payment of employee benefits	(3,249)	(3,188)
Fair value of plan assets at the end of the period	\$30,326	\$30,648

- (6) The fund asset of the Consolidated Company's defined benefit pension plan (hereinafter referred to as the "Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and

investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Consolidated Company is not entitled to participate in the operation and management of the fund, it is not possible to disclose the classification of the fair value of the plan assets in accordance with paragraph 142 of IAS 19. For the composition of the fair value of the fund in total as of the years ended December 31, 2025, and 2024, please refer to the various labor pension utilization reports issued by the government.

The Consolidated Company's contributions to the pension funds were deposited with Bank of Taiwan, were as follows:

	December 31, 2025	December 31, 2024
	\$30,326	\$30,648

- (7) The present value of the Consolidated Company's defined benefit obligations is calculated by certified actuaries. The major assumptions on the assessment date were as follows:

	December 31, 2025	December 31, 2024
Discount rate	1.625%	1.750%
Growth rate of future salary	3.000%	3.000%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
Increase by 0.25%	(\$408)	(\$441)
Decrease by 0.25%	\$428	\$452
Expected salary increase rate		
Increase by 0.25%	\$409	\$433
Decrease by 0.25%	(\$393)	(\$424)

With other assumptions unchanged, above sensitivity analysis analyzes effects of changes in single assumption. In practice, many changes in assumptions may be linked together. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet. The methods and assumptions used for the sensitivity analysis in this period are the same as those in the previous period.

The Consolidated Company is expected to make a contribution payment of NT\$299 thousand to the defined benefit plans for the one year period after the reporting date of 2026.

The weighted average period of the defined benefit plan is 8.81 years.

The maturity analysis of the pension payments is as follows:

Under 1 year	\$17,549
1 to 2 years	1,704
2 to 5 years	10,671
Over 5 Years	8,628
	<u>\$38,552</u>

3. Short-term paid leave and liabilities

As of December 31, 2025, and December 31, 2024, the Consolidated Company has accrued liabilities for paid leave amounting to NT\$2,006 and NT\$2,034, respectively. These amounts are included under other payables.

(XXVIII) Employee bonus and remuneration to directors

On June 26, 2025, the Board of Directors of the Company resolved to amend the Articles of Incorporation. The Company's Articles of Incorporation after amendment stipulate that, after annual earnings first offset against any deficit, a minimum of 1% shall be allocated as employee compensation, of which no less than 0.5% of profits shall be allocated as compensation for entry-level employees, and a maximum of 2% as directors' remuneration. However, when the Company has accumulated losses, it should reserve an amount in advance to offset these losses. Employee compensation may be distributed in stock or cash, while director remuneration may only be distributed in cash. The Board of Directors shall resolve to distribute in the form of shares or cash to employees who meet specific criteria, and the distribution of employee compensation and remuneration to directors shall be reported to the shareholders' meeting.

The Company's Articles of Incorporation prior to amendment stipulates that, after annual earnings first offset against any deficit, a minimum of 1% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. However, when the Company has accumulated losses, it should reserve an amount in advance to offset these losses. The distribution can be made in the form of cash or stocks for employees. The Board of Directors shall resolve to distribute in the form of shares or cash to employees who meet specific criteria, and the distribution of employee compensation and remuneration to directors shall be reported to the shareholders' meeting.

The amounts accrued for employee compensation were NT\$8,092 thousand and NT\$31,725 thousand for the years 2025 and 2024, respectively, while the amounts accrued for directors' compensation were both NT\$0. These were estimated based on the Company's net income before tax and before employee and directors' compensation for the respective periods, multiplied by the employee compensation distribution ratio stipulated in the Company's Articles of Incorporation. Directors' compensation was NT\$0 thousand and both were recorded as operating expenses for the respective periods.

On March 12, 2026, the Board of Directors resolved to distribute NT\$8,092 thousand for the employee compensation and NT\$0 for the director compensation for 2025. On March 13, 2025, the Board of Directors resolved to distribute NT\$31,725 thousand for the employee compensation and NT\$0 for the director compensation for 2024. There was no difference from the amounts recognized as expenses in 2025 and 2024.

If the Board of Directors resolves to distribute employee compensation in shares, the number of shares shall be calculated based on the closing price on the day prior to the date of the Board resolution.

For information on the Company's remunerations for employees and directors as resolved by the Board of Directors, please visit the "Market Observation Post System."

(XXIX)Income tax

1. Income tax expenses

(1) Income tax recognized in profit or loss

	<u>2025</u>	<u>2024</u>
Current income tax expenses		
Income Tax Generated from Current Period Income	\$60,816	\$255,910
Land value increment tax	20,977	52,539
Levy on unappropriated earnings	127,480	19,857
Adjustment of current income tax for the previous period	0	7,000
Deferred income tax gains		
Occurrence and reversal of temporary differences	(36,810)	(26,167)
Income tax expense	<u>\$172,463</u>	<u>\$309,139</u>

(2) Income tax recognized in other comprehensive income

	<u>2025</u>	<u>2024</u>
Deferred income tax (gains) expense		
Remeasurements of defined benefit obligations	\$157	\$296

2. Reconciliation of income tax expense to accounting profit:

	<u>2025</u>	<u>2024</u>
Income before tax	\$801,141	\$3,140,832
Income tax calculated at the statutory tax rate applicable to the Company	\$160,228	\$657,319
Tax-exempt proceeds from land transactions	(126,593)	(408,447)
Losses recognized under the equity method	770	3,400
Impact of income tax adjustments according to tax laws	26,411	3,638
Occurrence and reversal of temporary differences	(36,810)	(26,167)
Levy on unappropriated earnings	127,480	19,857
Land value increment tax	20,977	52,539
Adjustment of current income tax for the previous period	0	7,000
Income tax expense	<u>\$172,463</u>	<u>\$309,139</u>

3. The breakdown of deferred income tax assets and liabilities was as follows:

(1) January 1 to December 31, 2025				
A. Deferred tax assets				
Inventories	\$27,918	\$37,329	\$0	\$65,247
Prepayments	47	0	0	47
Warranty provision payable	9,412	(518)	0	8,894
Net defined benefit liabilities - non-current	2,859	(1)	(157)	2,701
Total deferred tax assets	<u>\$40,236</u>	<u>\$36,810</u>	<u>(\$157)</u>	<u>\$76,889</u>
(2) January 1 to December 31, 2024				
A. Deferred tax assets				
Inventories	\$0	\$27,918	\$0	\$27,918
Prepayments	5,503	(5,456)	0	47
Warranty provision payable	9,098	314	0	9,412
Net defined benefit liabilities - non-current	3,751	(596)	(296)	2,859
Total deferred tax assets	<u>\$18,352</u>	<u>\$22,180</u>	<u>(\$296)</u>	<u>\$40,236</u>
B. Deferred tax liabilities				
Inventories	<u>\$3,987</u>	<u>(\$3,987)</u>	<u>\$0</u>	<u>\$0</u>

4. The Consolidated Company's business income tax settlement and declaration up until 2023 have been approved.

5. The details of unrecognized deferred tax assets are as follows:

	December 31, 2025	December 31, 2024
Tax loss carryforwards	\$62,662	\$63,465

Tax loss carryforwards refer to losses incurred within the past ten years that, in accordance with the Income Tax Act and subject to approval by the tax authority, may be deducted from the current year's taxable income before income tax is assessed. These items have not been recognized as deferred tax assets because the Company is not likely to have sufficient taxable income in the future to utilize the temporary differences.

As of December 31, 2025, the Consolidated Company's unused tax loss carryforwards and the final year in which they may be deducted are shown below:

Year of occurrence	Loss amount	Deducted amount	Unutilized balance	Final year tax credits are due
2015	\$2,230	(\$2,230)	\$0	2025
2016	8,236	(1,787)	6,449	2026
2017	70,590	0	70,590	2027
2018	45,594	0	45,594	2028
2019	34,666	0	34,666	2029
2020	46,928	0	46,928	2030
2021	48,897	0	48,897	2031
2022	34,101	0	34,101	2032
2023	20,947	0	20,947	2033
2024	5,138	0	5,138	2034
Total	\$317,327	(\$4,017)	\$313,310	

(XXX) Summary of employment, depreciation, operating costs, and amortization expenses incurred during the period by function

By nature \ By function	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	32,724	106,028	138,752	32,931	135,494	168,425
Labor and health insurance expenses	3,582	10,753	14,335	3,360	10,678	14,038
Retirement benefits expenses	1,507	4,919	6,426	1,497	4,965	6,462
Remuneration to Directors	0	2,880	2,880	0	2,880	2,880
Other employee benefits	1,422	7,885	9,307	1,394	13,756	15,150
Depreciation expenses	48,275	21,515	69,790	48,451	22,616	71,067
Amortization expenses	2,801	1,689	4,490	2,800	1,683	4,483

(XXXI) Earnings per share

The calculation of earnings per share and the weighted-average number of common shares outstanding were as follows:

1. Basic earnings per share

	2025	2024
Profit attributable to the holders of ordinary shares of the Company	\$628,678	\$2,831,693
Calculation of diluted earnings per share (in thousands)	367,269	369,419
Basic earnings per share (NT\$)	\$1.71	\$7.67

2. Diluted earnings per share

	2025	2024
Profit attributable to the holders of ordinary shares of the Company (diluted)	\$628,678	\$2,831,693
Calculation of diluted earnings per share (in thousands)	367,269	369,419
Effect of potentially dilutive ordinary shares:		
Impact on employee remuneration	291	485
Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (in thousands)	367,560	369,904
Diluted earnings per share (NT\$)	\$1.71	\$7.66

If the Consolidated Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (thousand shares) The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved at the Board of Directors' meeting in the following year.

(XXXII) Additional information regarding cash flows

	2025	2024
Increase in property, plant, and equipment	\$18,769	\$4,015
Net (increase) decrease in other payables	(279)	1,352
Cash paid during the year	\$18,490	\$5,367

(XXXIII) Changes in liabilities from financing activities

Reconciliation of liabilities from financing activities was as follows:

	2025.1.1	Cash flows	Non-cash changes	2025.12.31
Short-term borrowings	\$2,636,475	\$108,850	\$0	\$2,745,325
Face value of short-term bills payable	4,454,000	67,100	0	4,521,100
Long-term borrowings (including borrowings due within one year)	11,588,151	(1,399,402)	0	10,188,749
Deposits received	4,144	4,364	0	8,508
Lease liabilities (including current and non-current)	68,013	(1,305)	12,012	78,720
Liabilities from the financing activities	\$18,750,783	(\$1,220,393)	\$12,012	\$17,542,402

	2024.1.1	Cash flows	Non-cash changes	2024.12.31
Short-term borrowings	\$3,756,950	(\$1,120,475)	\$0	\$2,636,475
Face value of short-term bills payable	4,591,100	(137,100)	0	4,454,000
Long-term borrowings (including borrowings due within one year)	9,581,737	2,006,414	0	11,588,151
Deposits received	5,904	(1,760)	0	4,144
Lease liabilities (including current and non-current)	69,295	(1,282)	0	68,013
Liabilities from the financing activities	\$18,004,986	\$745,797	\$0	\$18,750,783

VII. Related Party Transactions

(I) Names of related parties and their relationship

All transactions and account balances among the consolidated companies are fully eliminated upon consolidation and are therefore not disclosed in this note.

Transactions with other related parties are as follows:

Name	Relationship with the Consolidated Company
Chieh Chih Construction Co., Ltd.	Relative within the second degree of kinship of the Chairman of the Company is the Chairman of such company
Baihong Construction Co., Ltd.	The Company's Chairman is the supervisor of such company
King's Town Construction Co., Ltd.	The Company's Chairman is the chairman of such company
Yangmin International Catering Co., Ltd.	Associate of the Company
Tsai, Tien-Tsan	Chairman of the Consolidated Company
Meiyun S. Tsai	Director of the Consolidated Company

(II) Significant transactions with related parties

1. Operating revenue

Name	2025	2024
	Amount	Amount
Chieh Chih Construction Co., Ltd.	\$144	\$209
Baihong Construction Co., Ltd.	251	129
Yangmin International Catering Co., Ltd.	4,472	4,459
King's Town Construction Co., Ltd.	17	0
Other related parties	146	38,982
Total	\$5,030	\$43,779

The sales of premises to related parties were made at normal market prices. The sales of premises to other related parties in 2025 and 2024 amounted to NT\$0 thousand and NT\$38,833 thousand, respectively, which were paid upon the transfer of the properties, and the remaining catering revenues were collected within 30 to 90 days.

2. Lease income from operating activities are as follows:

The related party Yangmin International Catering Co., Ltd. entered into leases with the Consolidated Company in 2025 and 2024 as follows.

The lease details are as follows:

Lessee	Lease subject	Lease period	Rent and collection status	Rental revenue
<u>January 1 to December 31, 2025</u>				
Yangmin International Catering Co., Ltd.	1F., No. 366, Minghua Rd., Gushan Dist., Kaohsiung City (Restaurant)	2022/01/01-2026/12/31	The monthly rent is NT\$389 thousand (including business tax), which is determined based on the rental market rates of the nearby area. Rent is collected monthly via bank transfer, and includes interest calculated on the deposit.	\$4,456

Lessee	Lease subject	Lease period	Rent and collection status	Rental revenue
<u>January 1 to December 31, 2024</u>				
Yangmin International Catering Co., Ltd.	1F., No. 366, Minghua Rd., Gushan Dist., Kaohsiung City (Restaurant)	2022/01/01-2026/12/31	The monthly rent is NT\$389 thousand (including business tax), which is determined based on the rental market rates of the nearby area. Rent is collected monthly via bank transfer, and includes interest calculated on the deposit.	\$4,456

3. Contracting work (Purchases)

Chieh Chih Construction Co., Ltd. and Baihong Construction Co., Ltd. are related parties of the Consolidated Company, and the Consolidated Company's projects are contracted by these two companies. The contract price is based on the cost of the two companies plus appropriate profit, and the payment terms are similar to those of a general contractor, but the actual date of cashing the notes is subject to the Company's capital situation.

(1) The Consolidated Company has commissioned Chieh Chih Construction Co., Ltd. to undertake various construction projects for 2025 and 2024. The contract price and current purchases are as follows:

Site name	Contract price (including tax)	Purchases	
		2025	2024
Kaohsiung Fuhe Section No. 698-1 Renovation	\$2,486,986	\$0	\$0
Kaohsiung Ai Qun No. 2748 (World of Heart)	\$2,211,730	0	593,929
Kaohsiung Bohsiao Section No. 1140 (Jing Wu Tong)	\$1,405,500	204,806	172,415
Kaohsiung Xinzhuang 12 Sub-section No. 1175	\$358,720	0	0
Total		\$204,806	\$766,344

- (2) The Consolidated Company has commissioned EPILEDS Construction Co., Ltd. to undertake various construction projects for 2025 and 2024. The contract price and current purchases are as follows:

Site name	Contract price (including tax)	Purchases	
		2025	2024
Kaohsiung Fuhe Section No. 698-1 Structural Engineering	\$2,006,214	\$114,310	\$214,310
Kaohsiung Longzhong Section No. 191	\$1,072,320	269,572	228,601
Tainan Yuguang Section No. 880, 3 in total	\$1,377,360	242,902	200,015
Kaohsiung Shixing Section 924, 4 in total	\$446,240	28,577	0
Kaohsiung Shixing Section 932, 5 in total	\$941,280	47,624	0
Total		\$702,985	\$642,926

4. Properties for sale and land held for construction

- (1) The Consolidated Company purchased three parking spaces at Yiwen Court, Lingya District, Kaohsiung City from the related party, King's Town Construction Co., Ltd., signing the contract on March 18, 2025. The total price of the sales contract was NT\$6,950 thousand (including tax). The transaction conditions were not significantly different from those of ordinary transactions, and there were no contractual restrictions or other important agreements. Payment was made according to the contract, and the transfer was completed in April 2025.
- (2) The Consolidated Company paid NT\$5,429 thousand to Chieh Chih Construction Co., Ltd. for the demolition of old buildings on the construction site, which is recorded under land held for construction.

5. Receivables from related parties

Name of project and related party	December 31,	December 31,
	2025	2024
	Balance	Balance
(1) Trade receivables		
Baihong Construction Co., Ltd.	\$14	\$7
(2) Other receivables		
Meiyun S. Tsai	\$55	\$111
Yangmin International Catering Co., Ltd.	39	33
Total	\$94	\$144

Other receivables represent amounts receivable for the landlords' share of selling expenses and payments made on behalf of related parties.

6. Payables to related parties

Name of project and related party	December 31,	December 31,
	2025	2024
	Balance	Balance
(1) Notes payable		
Chieh Chih Construction Co., Ltd.	\$20,015	\$91,884
Baihong Construction Co., Ltd.	140,033	145,009
Total	\$160,048	\$236,893
(2) Trade payables		
Chieh Chih Construction Co., Ltd.	\$0	\$188,314
Total	\$0	\$188,314
(3) Other payables		
King's Town Construction Co., Ltd.	\$0	\$1,132
Yangmin International Catering Co., Ltd.	40	68
Total	\$40	\$1,200

7. Contract liabilities - current

Name of project and related party	December 31, 2025	December 31, 2024
	Balance	Balance
Contract liabilities – current		
Chieh Chih Construction Co., Ltd.	\$23	\$23
Baihong Construction Co., Ltd.	10	11
King’s Town Construction Co., Ltd.	5	8
Other related parties	58	61
Total	\$96	\$103

8. Deposits received

Name of project and related party	December 31, 2025	December 31, 2024
	Balance	Balance
Yangmin International Catering Co., Ltd.	\$708	\$708

The lease details are as follows:

Lessor	Lease subjects	Lease period	Rent and payment status	2025	2024
King’s Town Construction Co., Ltd.	12F., No. 150, Bo’ai 2nd Rd., Zuoying Dist., Kaohsiung City	2023/07/01 ~2024/6/30 2024/07/01 ~2025/6/30 2025/07/01 ~2026/6/30	The monthly rent is NT\$90 thousand (including business tax), which is determined based on the rental market rates of the nearby area, paid monthly via bank transfer.	\$1,029	\$1,029

9. Lease expenses

Lease expenses	Price payment	
	2025	2024
King's Town Construction Co., Ltd.	\$1,029	\$1,029

10. Others

- (1) The Chairman of the Consolidated Company and Director Meiyun S. Tsai provided land Lot. 551 and 554 in the Shi Jia Section, which are her personal assets, as collateral for the Consolidated Company's bank loans. The loan amounts secured by this collateral were NT\$490,250 thousand and NT\$798,000 thousand as of December 31, 2025 and 2024, respectively.
- (2) The Chairman of the Consolidated Company and Director Meiyun S. Tsai provided land at Qinghai Lot No. 216 together with the Consolidated Company's construction site at Qinghai Lot No. 229 as joint collateral for bank loans and the issuance of commercial paper. As of December 31, 2025 and 2024, the loan amounts were NT\$1,436,000 thousand and NT\$1,511,600 thousand, respectively, and the amounts of commercial paper issued were NT\$1,511,600 thousand and NT\$1,591,200 thousand, respectively.
- (3) The Consolidated Company's investment in affiliates is described in Note VI(X).
- (4) In 2025 and 2024, the Consolidated Company collected water and garbage removal fees from a related party, Yangmin International Catering Co. The decrease in utilities was NT\$286 thousand and NT\$313 thousand, the decrease in garbage collection was NT\$153 thousand and NT\$142 thousand, and collection of meal charges from tenants were NT\$271 thousand and NT\$196 thousand, respectively.

- (5) In 2025 and 2024, the Consolidated Company paid the related party, Yangmin International Catering Co., Ltd., expenses such as customer hospitality, which were recorded as NT\$580 thousand and NT\$535 thousand for social expenses, respectively.
- (6) In 2025 and 2024, the Consolidated Company paid the related party, King's Town Construction Co., Ltd., expenses such as utilities and cleaning fees, which were recorded as NT\$50 thousand for miscellaneous expenses.
- (7) The Consolidated Company's affiliate, Chien Chih Construction Co., Ltd., provided guaranteed and performance promissory notes for the Company's construction projects. The guaranteed promissory notes recorded as of December 31, 2025 and 2024 were NT\$626,521 thousand and NT\$590,649 thousand, respectively.
- (8) The Consolidated Company's related party, Baihong Construction Co., Ltd., provided guaranteed and performance promissory notes for the Company's construction projects. The guaranteed promissory notes recorded as of December 31, 2025 and 2024 were NT\$672,361 thousand and NT\$580,155 thousand, respectively.
- (9) The Consolidated Company entered into a joint construction contract for the property located at Qinghai Section Lot No. 76 with related party Tsai Tien-Tsan and other related parties in November 2025. The construction will be sold in a joint sale manner, with the landowner holding 42% and the Consolidated Company holding 58%. As of December 31, 2025, construction has not yet commenced.
- (10) Information on remuneration to the management

11. Information on remuneration to the management

	2025	2024
Short-term employee benefits	\$21,553	\$28,305

VIII. Pledged Assets

The carrying values of the Consolidated Company's assets pledged as collateral for loans and short-term notes issued were as follows:

Name of assets	Secured subject	December 31, 2025	December 31, 2024
Buildings and land held for sale	Collateralized borrowing and issuance of commercial promissory notes	\$2,679,459	\$4,014,274
Construction in progress	Collateralized borrowing and issuance of commercial promissory notes	4,789,154	3,355,652
Land held for construction	Collateralized borrowing and issuance of commercial promissory notes	21,372,929	22,386,348
Housing and construction	Secured borrowings	444,927	502,729
Other financial assets - current	Pre-sold real estate trust and performance trust	33,292	33,373
Refundable deposits	Disaster management guarantee and industry-academia collaboration	30,950	33,493
	Deposit		
Total		\$29,350,711	\$30,325,869

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

1. As of December 31, 2025, the total contract value (including tax) of the construction contracts that had been signed was NT\$10,094,620 thousand, with an outstanding payment amount of NT\$8,048,298 thousand.
2. As of December 31, 2025, the total contract value of the signed agreements for the acquisition of construction land was NT\$1,171,287 thousand, with an outstanding payment amount of NT\$1,131,287 thousand.
3. The Consolidated Company has signed the Tainan Rende Smart Technology Park Cooperative Development Project with SanDi Properties Co., Ltd., to develop in the way of "joint investment and construction" for 83 parcels of land including Plot No. 820 at Kanjiao North Section, Rende District, Tainan City, and 4 parcels of land including Plot

No. 32 at Kanjiao Southern Section, Rende District, Tainan City, covering an area of 111,797.54 square meters. Both parties shall invest in the construction and bear the profits and losses and risks related to the planning, construction and sales of the project in proportion of 50% as joint venture. The Consolidated Company serves as the “main operator” for this project, handling and externally representing the execution of matters related to this joint venture project. As of December 31, 2025, this development project has not yet commenced construction.

4. The Consolidated Company signed the Contract for Cooperative Development of Tainan Rende Smart Technology Park with SanDi Properties Co., Ltd., and acts as joint constructors with SanDi Properties Co., Ltd., and they provide guarantee to each other for financing.

As of December 31, 2025 and 2024, the financing endorsement and guarantee of the Consolidated Company are as follows:

Endorser/Guarantor	Endorsee/Guaranteee	December 31, 2025	December 31, 2024	Guarantee purpose
King’s Town Construction Co., Ltd.	SanDi Properties Co., Ltd.	\$3,000,000	\$3,000,000	Loan financing credit guarantee

5. As of December 31, 2025 and December 31, 2024, the Consolidated Company had entrusted banks to issue price performance guarantee for the pre-sale cases with a guarantee amount of NT\$18,580.
6. The Consolidated Company entered into a land sale contract with the unrelated party Mr. Chung on December 17, 2020, for the “Tainan City Annan District Caohu (1) Self-Managed Land Readjustment Area,” with a total amount of NT\$395,000 thousand. After the readjustment, the agreed-upon area of land was transferred and registered to the Company on November 26, 2025. Due to discrepancies between the land transfer registration and the attached diagram of the land sale contract, there is a significant

difference in land value. Therefore, the final payment of NT\$200 million has been retained and has not been paid. The original landowner, Mr. Chung, has established a mortgage in favor of Tung Cheng Investment Consultant Co., Ltd., which has not yet been released. After the transfer of the land to the Consolidated Company, the Consolidated Company became subject to an endorsement and guarantee obligation in favor of Tung Cheng Investment Consultant Co., Ltd. The endorsement and guarantee amount is proposed to be set at NT\$401,748 thousand, based on the land cost.

7. The Consolidated Company entered into a co-construction contract for Lot No. 76 of the Qinghai Section with a related party. Please refer to Note VII for related party transactions.

X. Significant Disaster Loss

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital risk management

The objective of the Consolidated Company's capital management is to ensure that the Consolidated Company can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that returns are provided to stockholders. In order to maintain or adjust the capital structure, the Consolidated Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Consolidated Company regulates the borrowing amount based on the progress of the project and the funds required for the operation.

(II) Financial instruments

1. Type of Financial Instrument

	December 31, 2025	December 31, 2024
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Non-current		
Domestic unlisted stocks	\$0	\$82
Financial assets at amortized cost		
Cash and cash equivalents	\$1,170,796	\$3,000,245
Short-term notes	500,000	0
Net notes receivable and trade receivables (including related parties)	24,342	26,670
Other receivables (including related parties)	6,047	8,284
Other financial assets (including current and non-current)	33,292	33,373
Refundable deposits	36,106	38,337
Subtotal	\$1,770,583	\$3,106,909
Total	\$1,770,583	\$3,106,991
<u>Financial liabilities</u>		
Measured at amortized cost		
Short-term borrowings	\$2,745,325	\$2,636,475
Short-term bills payable	4,515,074	4,445,526
Notes payable and trade payables (including related parties)	434,537	520,733
Other payables (including related parties)	62,857	162,684
	10,188,749	11,588,151
Lease liabilities (including current and non-current)	78,720	68,013
Deposits received	8,508	4,144
Total	\$18,033,770	\$19,425,726

2. Financial Risk Management Policy

- (1) The Consolidated Company's daily operations are subject to a number of financial risks, including market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Consolidated Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Consolidated Company's financial position and financial performance.
- (2) Financial risk management of the Consolidated Company is carried out by its finance department based on the policies approved by the Board of Directors. Through cooperation with the Consolidated Company's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks.
- (3) The Consolidated Company does not undertake derivatives for hedging financial risks.

3. Significant Financial Risks and Degrees of Financial Risks

(1) Market risks

A. Price risks

The Consolidated Company is exposed to price risk associated with equity instruments, which are classified in the balance sheet as financial assets measured at fair value through profit or loss. To manage the price risk of equity instrument investments, the Consolidated Company invests based on established limits and investment targets. These investments are in non-public venture capital funds, and due to the insignificance of the investment amounts, the consolidated company is not exposed to price risk related to equity instruments.

B. Cash flow and fair value interest rate risk

The Consolidated Company's interest rate risks come from short-term borrowings and long-term borrowings. The funds borrowed at floating interest rates expose the Consolidated Company to cash flow interest rate risk. In 2025 and 2024, the Consolidated Company's borrowings at floating interest rate were denominated in the NTD.

The Consolidated Company simulates a number of scenarios and analyzes interest rate risk, including consideration of refinancing, extending contracts of existing positions, and other available financings to calculate the impact of changes in specific interest rates on profit or loss.

The following sensitivity analysis is determined based on the interest rate exposure of non-derivative instruments as of the reporting date. For floating rate liabilities, the analysis assumes that the outstanding liability amount as of the reporting date remains outstanding throughout the entire year. The floating rate used by the Consolidated Company to report interest rates to the senior management is an increase or decrease of 0.25%. This also represents the management's assessment of the reasonable possible range of fluctuations in interest rates.

If the interest rate changes by 0.25% on the reporting date, with all other variables held constant, the Consolidated Company will incur an increase or decrease in cash outflows related to financial liabilities of NT\$32,335 thousand and NT\$35,562 thousand for 2025 and 2024, respectively. This is primarily due to the Consolidated Company's exposure to interest rate risk from its floating rate borrowings.

(2) Credit risks

- A. Credit risk refers to the risk of financial loss of the Consolidated Company arising from default by clients or counterparties of financial instruments on the contractual obligations. Credit risk mainly derives from cash, deposits within banks and financial institutions, and short-term financial assets, as well as trade receivables not yet collected in cash and committed transactions. The banks and financial institutions with which transactions are conducted are all of good credit standing, therefore, the credit risk associated with deposits held at these financial institutions is considered limited.
- B. The Consolidated Company primarily engages in the business of renting and selling residential properties and land, as well as the restaurant and hospitality business. Revenue from the sale of properties is recognized when the full contract price is received, the transfer of ownership is completed, and the property is physically handed over. The amount of receivables arising from restaurant and hospitality business should be minimal, and the likelihood of non-recovery is low. Furthermore, the Consolidated Company has a large customer base and does not significantly concentrate transactions with a single customer; therefore, the credit risk associated with accounts receivable does not pose a significant concentration risk. The Consolidated Company classifies customers' trade receivables and installment receivables based on customer characteristics. Using the simplified approach of preparation matrix, the Company estimates the expected credit loss and adjusts the loss rate established by historical and current information during a

specific period to assess the allowance loss of installment receivables.

The Consolidated Company's assessed credit impairment losses on December 31, 2025 and 2024 were not significant.

- C. No written-off debts with recourse existed as of December 31, 2025 and 2024.

(3) Liquidity risks

- A. The cash flow forecast is performed by each operating entity of the Consolidated Company and compiled by the Consolidated Company's finance department. The Consolidated Company's finance department monitors rolling forecasts of the Consolidated Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Consolidated Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- B. The following table presents the Consolidated Company's non-derivative financial liabilities grouped by the relevant maturity dates, which are analyzed based on the remaining period from the end of the reporting period to the contractual maturity date, including estimated interest. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

Non-derivative financial liabilities	Within 6 months	6 to 12 months	1 to 3 years	Over 3 years
December 31, 2025				
Short-term borrowings	\$723,525	\$962,399	\$1,131,143	\$0
Short-term bills payable	4,521,100	0	0	0
Notes payable and trade payables (including related parties)	425,050	3,290	6,197	0
Other payables (including amounts due to related parties)	62,856	0	1	0
Provisions - current	9,960	4,500	17,650	15,200
Long-term borrowings (including long-term borrowing due within one operating cycle)	3,593,121	2,319,262	3,116,349	1,615,447
Lease liabilities (including current)	1,455	1,455	5,820	97,242
December 31, 2024				
Short-term borrowings	\$1,360,203	\$563,455	\$540,099	\$243,826
Short-term bills payable	4,454,000	0	0	0
Notes payable and trade payables (including related parties)	512,919	95	7,595	124
Other payables (including amounts due to related parties)	162,683	0	0	1
Provisions - current	7,410	7,800	17,950	16,900
Long-term borrowings (including long-term borrowing due within one operating cycle)	667,221	307,641	7,943,037	3,435,959
Lease liabilities (including current)	1,233	1,233	4,932	84,869

C. The Consolidated Company does not expect that the time for analyzing cash flows on the maturity date will be advanced significantly, or that actual amount will become significantly different.

(4) Information on fair value

- A. The different levels of inputs used in the valuation techniques for measuring the fair value of financial and non-financial instruments have been defined as follows:

Level 1: The quoted price in an active market for identical assets or liabilities available to the enterprise at the measurement date. A market is regarded as active where transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: The inputs are observable for the asset or liability, either directly or indirectly, excluding quoted prices included within Level 1.

Level 3: The unobservable input value of an asset or liability.

- B. For financial instruments with active markets, their fair value is measured at the market quoted prices on balance sheet date. When quoted prices can be obtained immediately and regularly from stock exchanges and regulatory agencies, and such quoted prices represent actual and regular market transactions under normal conditions, the markets are deemed active markets. The financial assets held by the Consolidated Company are equity instruments without an active market, designated as financial assets - current measured at fair value through profit or loss. Due to their minimal amount, they are valued at cost, which corresponds to Level 3 of the fair value hierarchy. However, if the net asset value method is used as the valuation technique for fair value, there is no impairment. As of December 31, 2025, the equity instruments have been liquidated, and the Consolidated Company has recovered the cost of its investment.

C. The Consolidated Company measures financial assets at fair value through profit or loss on a recurring basis. As of December 31, 2025, and December 31, 2024, the financial instruments measured at fair value are classified by the nature, characteristics, risks, and fair value hierarchy of the assets and liabilities. The relevant information is as follows:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Repetitive fair value</u>				
Valuation gain (loss) on financial assets measured Financial assets - non-current				
Domestic unlisted stocks (Venture Capital Fund)	\$0	\$0	\$0	\$0

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Repetitive fair value</u>				
Valuation gain (loss) on financial assets measured Financial assets - non-current				
Domestic unlisted stocks (Venture Capital Fund)	\$0	\$0	\$82	\$82

D. The methods and assumptions used by the Consolidated Company to measure fair value are explained as follows:

- (1) The fair value of the Consolidated Company's domestic listed stocks and beneficiary certificates are input based on the closing price and net value of the market price, respectively (i.e. Level 1).

- (2) In addition to the aforementioned financial instruments with an active market, the fair value of other financial instruments is acquired by valuation technique or by reference to the counterparty quotes. The current fair value of financial instruments obtained through valuation techniques, discounted cash flow method or other valuation techniques, including the use of models based on market information available at the end of the reporting period (i.e. Level 3).
- (3) In 2025 and 2024, the Consolidated Company did not experience any transfers between Level 1 and Level 2 of the fair value hierarchy.
- (4) In 2025 and 2024, there was no transfers into or out of Level 3. The details of the changes are as follows:
- E. Financial instruments not measured at fair value include cash and cash equivalents, short-term bills, notes and trade receivables, other receivables, deposits paid, restricted bank deposits, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, long-term borrowings, and the carrying amounts of deposits received, which are reasonable approximations of fair value.
- (5) Information on foreign currency assets and liabilities with significant impact.
- The Consolidated Company currently has no foreign currency assets and liabilities with significant impact.

XIII. Supplementary Disclosure

(I) Information on significant transactions was as follows:

No.	Summary	Description
1	Loaning to others.	None
2	Endorsements/guarantees to others.	Table I
3	Marketable securities held at the end of the period.	None
4	Purchases or sales with related parties totaling NT\$100 million or more than 20% of the paid-in capital.	Table II
5	Receivables from related party totaling NT\$100 million or more than 20% of the paid-in capital.	None
6	Business relationships and significant intercompany transactions.	Table III

Table I

King's Town Construction Co., Ltd.
Details on endorsements/guarantees to others.
As of December 31, 2025

Unit: NT\$ thousands

No. (Note 1)	Name of Endorser/ Guarantor	Object of Endorsements/Guarantees		Amount of Endorsements/ Guarantees for a Single Enterprise (Note 3)	Maximum Balance of Endorsements/ Guarantees in Current Period	Ending Balance of Endorsements/ Guarantees	Actual Drawdown	Amount of Endorsements/ Guarantees by Property	Ratio of Accumulated Endorsements/ Guarantees to the Net Worth of the Most Recent Financial Statement	Aggregate Endorsement/ Guarantee Limit (Note 3)	Guarantee Provided by Parent Company to a Subsidiary	Guarantee Provided by a Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China
		Name of company	Relationship (Note 2)										
0	King's Town Construction Co., Ltd.	SanDi Properties Co., Ltd.	5	6,307,933	3,000,000	3,000,000	2,131,909	0	14.27%	10,513,222	N	N	N
0	King's Town Construction Co., Ltd.	Tung Cheng Investment Consultant Co., Ltd.	Note 1	6,307,933	401,748	401,748	Note 4	401,748	1.91%	10,513,222	N	N	N

Instructions for the number column:

Note 1:

- (1) The Company is "0".
- (2) The investee companies are numbered in order starting from "1".

Note 2: Listed below are the 7 types of companies to which the Company may provide endorsement/guarantee:

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- (4) A company in which the Company directly and indirectly holds more than 90 percent of the voting shares.
- (5) A company for which the peers or co-constructors guarantee mutually as agreed in the contract.
- (6) A company that is endorsed and guaranteed by all shareholders based on their shareholding ratio due to the joint investment relationship.
- (7) The joint and several guarantee for the performance of the pre-sale house sales contract between the peers in accordance with the Consumer Protection Act.

Note 3: According to the Operating Procedures for Making of Endorsements/Guarantees of King's Town Construction Co., Ltd.:

- (1) The total amount of the endorsement guarantees of the Company and its subsidiaries as a whole is limited to less than 50% of the net value of the Company.
- (2) When the Company and its subsidiaries as a whole endorse a single enterprise, the maximum limit shall not exceed thirty percent of the net value of the Company, and shall not exceed fifty percent of the paid-up capital of the enterprise. With the exception of a subsidiary of the Company which holds 100% of the equity interest.
- (3) The amount of the endorsement guarantee given by the Company and its subsidiaries to a single enterprise shall not exceed 30% of the higher amount of the most recent annual business transaction between the guaranteed company and the Company or 120% of the amount of the most recent three-month business transaction.
- (4) The Company and its subsidiaries shall not be subject to the aforementioned provisions and shall be deemed to be endorsement guarantees for the mutual guarantee required by the contract between the same industry or co-founders for the underwriting project, or for the endorsement guarantee of the investee company by each investing shareholder in accordance with its shareholding ratio due to the joint investment relationship, or for the joint guarantee of the performance guarantee of the pre-sale house sales contract between the same industry engaged in according to the regulations of the Consumer Protection Law.

Note 4: The Company purchased land in Caohu, Annan District, Tainan City. This land has been mortgaged to Tung Cheng Investment Consultant Co., Ltd., and the mortgage has not yet been canceled at the time of transfer. Therefore, a guarantee relationship exists between The Company and Tung Cheng Investment Consultant Co., Ltd. Since the guarantee is solely based on the land, it is recognized at a land cost of NT\$401,748 thousand.

Table II

King's Town Construction Co., Ltd.

Purchases or sales with related parties totaling NT\$100 million or more than 20% of the paid-in capital.

Unit: NT\$ thousands

Name of company	Counterparty	Relationship	Transaction details				Transaction with terms different from others		Notes and trade receivable (payable)		Remark
			Purchase (sale)	Amount	Percentage of total purchase/(sales)	Payment term	Unit price	Payment term	Balance	Percentage of total notes/trade receivable (payable)	
King's Town Construction Co., Ltd.	Chieh Chih Construction Co., Ltd.	Relative within the second degree of kinship of the Chairman of the Company is the Chairman of such company.	Purchases	\$204,806	11.76%	Subject to contract	No contracts were awarded to unrelated parties, making comparison impossible.	—	Notes payable \$20,015	9.64%	
									Trade payables \$0	0.00%	
King's Town Construction Co., Ltd.	Baihong Construction Co., Ltd.	The Company's Chairman is the supervisor of such company.	Purchases	\$702,985	40.37%	Subject to contract	No contracts were awarded to unrelated parties, making comparison impossible.	—	Notes payable \$140,033	67.47%	
									Trade payables \$0	0.00%	

Table III

King's Town Construction Co., Ltd.
Business relationships and significant intercompany transactions
From January 1 to December 31, 2025

Unit: NT\$ thousands

No. (Note 1)	Name of company	Name of counterparty	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	King's Town Construction Co., Ltd.	H2O Hotel Co., Ltd. (H2O Hotel)	(1)	Operating revenue	\$51,795	Monthly contractual payments	1.41%
1	H2O Hotel Co., Ltd. (H2O Hotel)	King's Town Construction Co., Ltd.	(2)	Right-of-use assets	1,425,834	Monthly contractual payments	3.57%
1	H2O Hotel Co., Ltd. (H2O Hotel)	King's Town Construction Co., Ltd.	(2)	Lease liabilities	1,530,350	Monthly contractual payments	3.83%

Note 1: Information on business transactions between the parent company and subsidiaries should be separately indicated in the number column. The method for filling out the numbers is as follows:

- (1) The parent company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

Note 2: The two types of relationships with traders are as follows:

- (1) Parent to subsidiary.
- (2) Subsidiary to parent.

(II) Information on reinvestment:

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Ending balance			Profit (Loss) of investee for the period	Investment profit (loss) recognized	Remark
				Ending balance for the current period	End of last year	Shares (in thousands)	Percentage (%)	Carrying amount			
King's Town Construction Co., Ltd.	H2O Hotel Co., Ltd.	No. 366, Minghua Rd., Gushan Dist., Kaohsiung City	Hotel and restaurant	\$520,000	\$520,000	52,000	100%	\$129,680	(\$9,337)	(\$3,851)	Note 1
H2O Hotel Co., Ltd. (H2O Hotel)	Yangmin International Catering Co., Ltd.	2F., No. 51, Ln. 69, Jingye 2nd Rd., Zhongshan Dist., Taipei City	Restaurant	\$8,000	\$8,000	800	40%	\$15,226	\$7,439	\$2,976	

Note 1: The Company recognized a loss share of NT\$9,337 thousand in the investee company. In addition, due to the lease of real estate to a subsidiary, H2O Hotel Co., Ltd., the leasing subsidiary was classified as a right-of-use asset and lease liability under IFRS 16 as of January 1, 2019, while King's Town Construction Co., Ltd., classified it as an operating lease, resulting in a difference in profit or loss recognition. This difference impacted the share of profits recognized by King's Town Construction Co., Ltd. using the equity method, amounting to NT\$5,486 thousand.

(III) Disclosure of information on investments in Mainland China:

None.

XIV. Operating Segment Financial Information

(I) Operating segment

The management of the Consolidated Company evaluates performance and allocates resources on a company-wide basis and identifies the Company and its subsidiaries as the respective reportable segments.

The information is provided to the primary operating decision-makers for the purpose of resource allocation and performance evaluation of each department, with a focus on the category of product or service delivered or rendered, as each is managed separately due to differing technical requirements and marketing strategies. In accordance with IFRS 8, "Operating Segments," the Company is only a single division that sells housing and land; H2O Hotel, a subsidiary established on April 16, 2015, is engaged in hotel and restaurant operations, and the accounting policies of the operating segments are all the same as those described in the summary of significant accounting policies in Note IV.

(II) The amounts of the Consolidated Company's reportable segments' revenues, gains and losses, assets and liabilities and the reconciliation to the Consolidated Company's corresponding amounts are summarized as follows:

	2025			Total
	Construction Department	Accommodation Department	Adjustments and Elimination	
Revenue				
Net revenue from external customers	\$3,381,930	\$288,660	\$4,457	\$3,675,047
Net intersegment revenue	51,795	448	(52,243)	0
Total revenue	<u>\$3,433,725</u>	<u>\$289,108</u>	<u>(\$47,786)</u>	<u>\$3,675,047</u>
Interest expenses	\$385,252	\$17,768	(\$16,600)	\$386,420
Depreciation and amortization	6,102	43,784	24,394	74,280
Investment profit or loss recognized under the equity method	(3,851)	2,976	3,851	2,976
Significant revenue, expense and loss:				
Other income	1,799	4,632	(4,457)	1,974
Reportable segment profit or loss	<u>\$629,307</u>	<u>(\$9,337)</u>	<u>\$9,337</u>	<u>\$629,307</u>

2024

	Construction Department	Accommodation Department	Adjustments and Elimination	Total
Revenue				
Net revenue from external customers	\$8,990,060	\$288,906	\$4,457	\$9,283,423
Net intersegment revenue	52,095	1,081	(53,176)	0
Total revenue	<u>\$9,042,155</u>	<u>\$289,987</u>	<u>(\$48,719)</u>	<u>\$9,283,423</u>
Interest expenses	\$323,494	\$18,171	(\$16,982)	\$324,683
Depreciation and amortization	3,910	44,057	27,583	75,550
Investment profit or loss recognized under the equity method	(17,001)	4,024	17,001	4,024
Significant revenue, expense and loss:				
Other income	1,984	6,911	(5,920)	2,975
Reportable segment profit or loss	<u>\$2,832,878</u>	<u>(\$21,348)</u>	<u>\$21,348</u>	<u>\$2,832,878</u>
Reportable segment assets				
December 31, 2025	<u>\$39,835,621</u>	<u>\$1,619,908</u>	<u>(\$1,555,524)</u>	<u>\$39,900,005</u>
December 31, 2024	<u>\$41,049,224</u>	<u>\$1,664,574</u>	<u>(\$1,598,702)</u>	<u>\$41,115,096</u>
Reportable segment liabilities				
December 31, 2025	<u>\$18,809,176</u>	<u>\$1,594,744</u>	<u>(\$1,530,360)</u>	<u>\$18,873,560</u>
December 31, 2024	<u>\$20,488,331</u>	<u>\$1,630,073</u>	<u>(\$1,564,201)</u>	<u>\$20,554,203</u>

(III) Regional information: The main operating region is Taiwan, so there is no geographical information to disclose.

(IV) Product information

Products and service	2025	2024
Land revenue	\$1,578,056	\$5,413,312
Building revenue	1,744,753	3,539,914
Rental revenue	67,197	41,290
Room revenue	175,529	162,839
Catering revenue	109,512	126,068
Total	\$3,675,047	\$9,283,423

(V) Important customer information:

The Consolidated Company's sales to an individual customer accounted for more than 10% of net operating revenues in 2025 and 2024:

Name of client	2025		2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Run Long Construction Co., Ltd.	\$0	0.00%	\$1,311,842	14.13%
Jin Jyun Construction Co., Ltd.	0	0.00%	988,047	10.64%