

Fong-Chien Construction Co.,LTD.
Consolidated Financial Statements for the years
ended December 31, 2025 and 2024 with
Independent Auditors' Report
(Stock Symbol 5523)

This financial report has not been reviewed or certified by an accountant

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Fong-Chien Construction Co., LTD.
Consolidated Financial Statements for the years ended December 31, 2025 and 2024 Independent
Auditors' Report
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FONG CHIEN CONSTRUCTION COMPANY LIMITED
REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Fong Chien Construction Company Limited as of and for the year ended December 31, 2025, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Fong Chien Construction Company Limited and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

COMPANY NAME:FONG CHIEN CONSTRUCTION COMPANY LIMITED

PRINCIPAL:YU CHI YUAN

March 13, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
(2026) Ministry of Finance approved No. 25004008
Fong Chien Construction Company Limited

Opinion

We have audited accompanying consolidated financial statements of Fong Chien Construction Company Limited and its subsidiaries (hereinafter the "Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, according to our audit result and other auditors' report (Please refer to "Other Matter" paragraph.), the accompanying consolidated financial statements present fairly, in all material respects, the accompanying consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits entrusted by the Group in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our ethical responsibilities in accordance with these requirements. According to our audit result and other auditors' report, we believe 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 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 Group's consolidated financial statements for the year ended December 31, 2025 are as follows:

Valuation of Inventory

Matters description

Refer to Note 4(13) to the consolidated financial statements for accounting policies regarding inventory; Refer to Note 5 for critical accounting estimates and assumptions regarding inventory valuation. Refer to Note 6(5) for the explanation of allowance to reduce inventory to market. The inventory balance and allowance to reduce inventory to market of the Group are the amount of NT\$4,635,325 thousand and NT\$10,804 thousand on December 31, 2025, respectively.

Inventories of the Group are houses and lands, due to the effect of government policies and boom in real estate in recent years, the fluctuation of real estate prices is wider, The inventory valuation measurement of the Group is in accordance with the lower of cost and net realizable value, its net realizable value is often affected by market prices fluctuation and involved with the subjective judgment of management, therefore, we list inventory valuation as one of the most significance in our audit this year.

Responsive audit procedures

Relating to the certain aspects of critical matters stated above, responsive procedures we exercise aggregates and lists as follows:

1. Comprehend business operation and industrial features, and interview with management, evaluate the rationality of method and procedure inventory net realizable value the method and procedure adopt.
2. Obtain the end day of during reporting period of inventory assessment net realizable value statements, review appropriateness of using determined base of the inventory net realizable value, include acquisition of the closing price of recent sale cases or recent dealing information of nearby areas with similar assets in market, in turn assess the rationality of the amount of inventory net realizable value.

Other Matter – Reference to work of other auditors

The financial statements of the investees accounted for using equity method included in the consolidated financial statements of the Group were not audited by us, but by other auditors. Therefore, the amounts related to the financial statements of those companies in our opinions indicated in the aforementioned consolidated financial statements were based on other auditors' report. As of December 31, 2025 and 2024, the investments in aforementioned companies accounted for using equity method amounted to NT\$177,088 thousand and NT\$178,441 thousand, accounting for 3.31% and 3.67% of total assets, respectively. The comprehensive losses recognized for the aforementioned companies for the year ended December 31, 2025 and 2024 amounted to NT\$1,353 thousand and NT\$1,077 thousand, accounted for 11.96% and (1.27%) of total comprehensive income, respectively.

Other Matter – the Parent Company Only Financial Statements

We have also audited the parent company only financial statements of the Company as of and for the year ended December 31, 2025 and 2024 on which we have issued an unqualified opinion, for your reference.

Responsibilities of Management and Those Charged with Governance for the Parent Company consolidated Statements

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 for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to the fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's 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 misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

We also:

1. Identify and assess the risks of material misstatement of the consolidated statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lai, Chih-Wei and Wang, Yu-Juan.

Financial Supervisory Commission
Reference Number of the Approval letter:
No. Financial-Supervisory-Securities-Auditing -
1120348565
No. Financial-Supervisory-Securities-Auditing -
1020028992

PwC
Taipei, Taiwan
Republic of China
March 13, 2026

Fong Chien Construction Company Limited and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

ASSET	NOTE	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 44,308	1	\$ 576,040	12
1136	Financial assets at amortized cost – current	6(3) and 8	85,205	2	317,816	7
1170	Accounts receivable, net	6(4)	241	-	51	-
1200	Other receivables		950	-	1,331	-
1220	Current tax assets		3,669	-	-	-
130X	Inventories	6(5) and 8	4,624,521	86	3,516,931	72
1470	Other current assets	6(6)	171,010	3	115,918	2
11XX	Total current assets		<u>4,929,904</u>	<u>92</u>	<u>4,528,087</u>	<u>93</u>
Noncurrent assets						
1517	Financial assets measured at fair value through other comprehensive income – non-current	6(2)	94,440	2	-	-
1550	Investments accounted for using equity method	6(7)	177,088	3	178,441	4
1600	Property, plant and equipment	6(8)	38,595	1	40,142	1
1760	Investment property, net	6(10) and 8	107,900	2	108,433	2
1840	Deferred tax assets	6(22)	3,891	-	342	-
1900	Other noncurrent assets		2,216	-	2,216	-
15XX	Total noncurrent assets		<u>424,130</u>	<u>8</u>	<u>329,574</u>	<u>7</u>
1XXX	Total assets		<u>\$ 5,354,034</u>	<u>100</u>	<u>\$ 4,857,661</u>	<u>100</u>

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Fong Chien Construction Company Limited and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTE	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6(11) and 8	\$ 1,868,870	35	\$ 1,361,830	28
2130	Contract liabilities- current	6(17)	339,979	7	244,558	5
2150	Notes payables		2,198	-	801	-
2170	Accounts payables		165,798	3	127,369	3
2200	Other payables		15,289	-	33,023	1
2230	Current tax liabilities		-	-	20,183	-
2320	Long-term liabilities-current portion	6(12) and 8	4,326	-	4,254	-
2399	Other current liabilities- others		781	-	6,031	-
21XX	Total current liabilities		<u>2,397,241</u>	<u>45</u>	<u>1,798,049</u>	<u>37</u>
Noncurrent liabilities						
2540	Long-term debt payable	6(12) and 8	25,823	-	30,157	1
2570	Deferred income tax liabilities	6(22)	650	-	-	-
2600	Other noncurrent liabilities		1,112	-	1,238	-
25XX	Total noncurrent liabilities		<u>27,585</u>	<u>-</u>	<u>31,395</u>	<u>1</u>
2XXX	Total liabilities		<u>2,424,826</u>	<u>45</u>	<u>1,829,444</u>	<u>38</u>
Equity attributable to shareholders of the parent						
Share capital						
3110	Ordinary shares	6(14)	1,550,015	29	1,550,015	32
Capital surplus						
3200	Capital surplus	6(15)	5,526	-	5,226	-
Retained earnings						
3310	Appropriated as legal capital reserve	6(16)	313,935	6	305,465	6
3350	Unappropriated earnings		1,057,130	20	1,157,042	24
Other equity interest						
3400	Other equity interest		2,602	-	-	-
31XX	Equity attributable to shareholders of the parent		<u>2,929,208</u>	<u>55</u>	<u>3,017,748</u>	<u>62</u>
36XX	Non-controlling interests		<u>-</u>	<u>-</u>	<u>10,469</u>	<u>-</u>
3XXX	Total equity		<u>2,929,208</u>	<u>55</u>	<u>3,028,217</u>	<u>62</u>
Significant contingent liabilities and not recognized contract commitment						
3X2X	Total liabilities and equity	9	<u>\$ 5,354,034</u>	<u>100</u>	<u>\$ 4,857,661</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yu Chi Yuan

Manager: Rui Lin Liu

Accounting supervisor: Hsuan Fu Lin

Fong Chien Construction Company Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)
(Expect (loss)earnings per share)

	ITEM	NOTE	2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	6(9)(17)	\$ 5,248	100	\$ 512,836	100
5000	Operating cost	6(5)(21)	(1,282)	(25)	(366,772)	(71)
5900	Gross profit		<u>3,966</u>	<u>75</u>	<u>146,064</u>	<u>29</u>
	Operating expenses					
6100	Selling expenses		(3,765)	(72)	(32,273)	(6)
6200	General and administrative		(24,113)	(459)	(27,738)	(6)
6000	Total operating expenses		(27,878)	(531)	(60,011)	(12)
6900	Operating (loss) income		(23,912)	(456)	<u>86,053</u>	<u>17</u>
	Non-operating income and expenses					
7100	Interest income	6(18)	4,731	90	12,819	3
7010	Other income	6(19)	3,125	60	22,209	4
7050	Finance costs	6(20)	(19)	-	(310)	-
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	6(7)	(1,353)	(26)	(1,077)	-
7000	Total non-operating income and expense		<u>6,484</u>	<u>124</u>	<u>33,641</u>	<u>7</u>
7900	Income before (loss) income tax		(17,428)	(332)	<u>119,694</u>	<u>24</u>
7950	Income tax benefits (expenses)	6(22)	<u>3,518</u>	<u>67</u>	(34,884)	(7)
8200	Net (loss) income		<u>(\$ 13,910)</u>	<u>(265)</u>	<u>\$ 84,810</u>	<u>17</u>
	Other comprehensive income, net					
	Items not to be reclassified to profit or loss					
8316	Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	6(2)	\$ 3,252	62	\$ -	-
8349	Income tax related to Items not to be reclassified	6(22)	(650)	(12)	-	-
8310	Total items not to be reclassified to profit or loss		<u>2,602</u>	<u>50</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income (loss), net		<u>\$ 2,602</u>	<u>50</u>	<u>\$ -</u>	<u>-</u>
8500	Total comprehensive income		<u>(\$ 11,308)</u>	<u>(215)</u>	<u>\$ 84,810</u>	<u>17</u>
	Net income (loss) attributed to:					
8610	Stockholders of the company		(\$ 13,941)	(266)	\$ 84,697	17
8620	Non-controlling interest		<u>31</u>	<u>1</u>	<u>113</u>	<u>-</u>
			<u>(\$ 13,910)</u>	<u>(265)</u>	<u>\$ 84,810</u>	<u>17</u>

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Fong Chien Construction Company Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)
(Expect (loss)earnings per share)

ITEM	NOTE	2025		2024	
		Amount	%	Amount	%
Comprehensive income attributed to:					
8710	Stockholders of the company	(\$ 11,339)	(216)	\$ 84,697	17
8720	Non-controlling interest	31	1	113	-
		<u>(\$ 11,308)</u>	<u>(215)</u>	<u>\$ 84,810</u>	<u>17</u>
 (Loss) earnings per share					
9750	Basis	(\$ 0.09)		\$ 0.55	
9850	Diluted	(\$ 0.09)		\$ 0.55	

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yu Chi Yuan

Manager: Rui Lin Liu

Accounting supervisor: Hsuan Fu Lin

Fong Chien Construction Company Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Parent Company							
		Retained Earnings			Other Equities Interest				
		Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive							
NOTE	Ordinary Shares	Capital Surplus	Legal Capital Reserve	Unappropriated earnings	Income	Total	Non-controlling Interests	Total Equity	
<u>2024</u>					i				
	Balance, January 1, 2024	\$ 1,550,015	\$ 5,226	\$ 247,613	\$ 1,362,699	\$ -	\$ 3,165,553	\$ 10,356	\$ 3,175,909
	Net Income	-	-	-	84,697	-	84,697	113	84,810
	Total comprehensive income	-	-	-	84,697	-	84,697	113	84,810
	Appropriation and distribution of earnings, 2023								
6(16)	Legal capital reserve	-	-	57,852	(57,852)	-	-	-	-
	Cash dividends	-	-	-	(232,502)	-	(232,502)	-	(232,502)
	Balance, December 31, 2024	\$ 1,550,015	\$ 5,226	\$ 305,465	\$ 1,157,042	\$ -	\$ 3,017,748	\$ 10,469	\$ 3,028,217
<u>2025</u>									
	Balance, January 1, 2025	\$ 1,550,015	\$ 5,226	\$ 305,465	\$ 1,157,042	\$ -	\$ 3,017,748	\$ 10,469	\$ 3,028,217
	Net loss	-	-	-	(13,941)	-	(13,941)	31	(13,910)
	Other comprehensive income	-	-	-	-	2,602	2,602	-	2,602
	Total comprehensive income	-	-	-	(13,941)	2,602	(11,339)	31	(11,308)
	Appropriation and distribution of earnings, 2024								
6(16)	Legal capital reserve	-	-	8,470	(8,470)	-	-	-	-
	Cash dividends	-	-	-	(77,501)	-	(77,501)	-	(77,501)
	Difference between the actual acquisition price of subsidiary equity interests and the carrying amount	-	300	-	-	-	300	(10,500)	(10,200)
	Balance, December 31, 2025	\$ 1,550,015	\$ 5,526	\$ 313,935	\$ 1,057,130	\$ 2,602	\$ 2,929,208	\$ -	\$ 2,929,208

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yu Chi Yuan

Manager: Rui Lin Liu

Accounting supervisor: Hsuan Fu Lin

Fong Chien Construction Company Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

	NOTE	For the year ended December 31, 2025	For the year ended December 31, 2024
<u>Cash flows from operating activities</u>			
Income(loss) before income tax		(\$ 17,428)	\$ 119,694
Adjustments for			
Adjustments for reconcile profit (loss)			
Depreciation expense	6(8)(10)(21)	2,158	2,141
Interest expense	6(20)	19	310
Interest income	6(18)	(4,731)	(12,819)
Share of loss from associates accounted for using equity method	6(7)	1,353	1,077
Dividend income	6(19)	(1,879)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	123
Accounts Receivable		(190)	23,310
Other receivables (including related parties)		63 (925)
Inventories		(1,067,770)	(159,609)
Actual payments of capitalized interests		(39,202)	(33,454)
Other current assets		(55,092)	(81,862)
Changes in operating liabilities			
Contract liabilities- current		95,421	17,127
Notes payable		1,397 (389)
Accounts payable		38,429	67,554
Other payable (including related parties)		(18,352)	162
Other current liabilities		(5,250)	(7,203)
Cash generated from used in operations		(1,071,054)	(64,763)
Interest received		5,049	12,799
Interest paid		(19)	(139)
Cash dividend received		1,879	
Income taxes paid		(23,883)	(10,252)
Net cash generated by used in operating activities		(1,088,028)	(62,355)

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Fong Chien Construction Company Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

	NOTE	For the year ended December 31, 2025	For the year ended December 31, 2024
<u>Cash flows from investing activities</u>			
Acquisition of financial assets measured at fair value through other comprehensive income	6(2)	(\$ 91,188)	\$ -
Increase in financial assets at amortized cost		(16,389)	(221,896)
Decrease in financial assets at amortized cost		249,000	101,080
Acquisition of property, plant and equipment	6(8)	(78)	-
Increase in guaranteed deposits paid		-	(1,197)
Decrease in guaranteed deposits paid		-	1,720
Net cash (used in) investing activities		<u>141,345</u>	<u>(120,293)</u>
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6(24)	507,040	81,730
Repayment in long-term borrowings	6(24)	(4,262)	(4,162)
(Decrease) increase in guaranteed deposits received	6(24)	(126)	34
Distribution of cash dividends	6(16)(24)	(77,501)	(232,502)
Change in non-controlling interests	4(3)	(10,200)	-
Net cash (used in) financing activities		<u>414,951</u>	<u>(154,900)</u>
Decrease in cash and cash equivalents		(531,732)	(337,548)
Cash and cash equivalents, beginning of year		576,040	913,588
Cash and cash equivalents, end of year		<u>\$ 44,308</u>	<u>\$ 576,040</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yu Chi Yuan

Manager: Rui Lin Liu

Accounting supervisor: Hsuan Fu Lin

Fong-Chien Construction Co.,LTD. and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2025 and 2024

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

(1) Company history and business scope

Fong-Chien Construction Co.,LTD. (the “Company”) was named Hong Dou Construction Company Limited originally. The company was changed to Fong-Chien Construction Co.,LTD. by the resolution of shareholders meeting in June 2014. The Company is primarily engaged in mandating construction enterprises to build public housing, leases and sales of commercial buildings, trading, import and export of building materials. The stocks of Company were traded in Taipei Exchange since December 27, 1999. Additionally, the subsidiary, Hung Yeu Construction Co., Ltd., is primarily engage in comprehensive construction, trading of properties, developments and leases of residences and buildings etc.

(2) Approval date and procedures of the consolidated financial statements.

The consolidated financial statements for the years ended December 31, 2025 and 2024 of the Company and subsidiaries (the “Group”) were authorized for issue by the Board of Directors on March 3, 2026.

(3) New standards, amendments and interpretations adopted

1) The accounting standards, including standards or interpretations issued by International Accounting Standards Board and endorsed by the Financial Supervisory Commission (the “FSC”) which have been adopted by the Group as of the date of authorization for issue

The following summarizes accounting standards, including new, revised, and amended standards and interpretations, which have been endorsed by the FSC, effective for annual period beginning on January 1, 2025:

<u>New, Revised, or Amended Standards or Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The Group assessed that the aforementioned standards and interpretations would not have a significant impact on its financial position and financial performance.

2) The accounting standards, including standards or interpretations issued by International Accounting Standards Board and endorsed by the FSC which have not yet been adopted by the Group as of the date of authorization for issue

The following summarizes accounting standards, including new, revised, and amended standards and interpretations, which have been endorsed by the FSC, effective for annual period beginning on January 1, 2026:

<u>New, Revised, or Amended Standards or Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 9 and IFRS 7 “Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The Group assessed that the aforementioned standards and interpretations would not have a significant impact on its financial position and financial performance.

3) The impact of IFRSs accounting standards issued by IASB but not yet endorsed by the FSC

The following summarizes the IFRSs accounting standards issued by IASB but not yet endorsed by the FSC:

<u>New, Revised, or Amended Standards or Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027(Note)
IFRS 19 “Subsidiaries without Public Accountability”	January 1, 2027
Amendments to IAS 21, “Translation into Hyperinflationary Currency”	January 1, 2027

Note: In a press release issued on September 25, 2025, the Financial Supervisory Commission (FSC) announced that publicly listed companies will be required to apply International Financial Reporting Standard No. 18 (hereinafter referred to as “IFRS 18”) starting from fiscal year 2028. In addition, companies that intend to early adopt IFRS 18 may elect to do so after IFRS 18 has been endorsed by the FSC.

Except for follows, the Group assessed that the aforementioned standards and interpretations would not have a significant impact on its financial position and financial performance, and the relevant impact will be disclosed upon completion of assessment.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” will replace IAS 1, and update the structure of statements of comprehensive income, increase the disclosure of management-defined performance measures, and enhance guidance on the principles of aggregation and disaggregation in the primary financial statements or in the notes.

(4) Summary of significant accounting policies

The primary accounting policies adopted by the consolidated financial statements are explained below. Except as otherwise explained, the policies are consistently applicable in all reporting periods.

1) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (the “IFRSs”) endorsed and issued into effect by the FSC.

2) Basis of preparation

1. Except for the following significant items, the consolidated financial statements have been prepared on a historical cost basis:
Financial assets measured at fair value through other comprehensive income, which are measured at fair value.
2. Preparing the consolidated financial statements in accordance with IFRSs endorsed by the FSC takes some significant accounting estimate values. And in the process of applying the Group's accounting policies involves the managements' judgments. Please refer to Note 5 for the items involving high judgment or complexity or items involving significant assumptions and estimates in the consolidated financial statements.

3) Basis of consolidation

1. Basis of preparation of consolidated financial statements
 - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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 Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) All intra-group balances, transactions, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full. Appropriate adjustments of accounting policies of the subsidiaries have been made to be uniform with the accounting policies of the Group.
 - (c) Components of profit or loss and other comprehensive income of subsidiaries are attributed to the shareholders of the parent company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (ig. transactions with non-controlling interests) are equity transactions, which are transactions with owners in their capacity as owners. The differences between the adjustment amount of non-controlling interests and the fair value of consideration paid or received are recognized in equity.
 - (e) If the Group losses control of a subsidiary, the retained investments in the former subsidiary shall be remeasured at fair value and recognized as the fair value of financial assets at initial recognition, or the cost of investments in associates or joint ventures at initial recognition. The differences between the fair value and the carrying amount shall be recognized in profit or loss. The Group shall account for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. Therefore, 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 Group shall reclassify 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 are as follows:

<u>Investor</u>	<u>Subsidiary</u>	<u>Main business</u>	<u>Percentage of ownership</u>		<u>Note</u>
			<u>December 31, 2025</u>	<u>December 31, 2024</u>	
Fong-Chien Construction Co.,LTD.	Hung Yeu Construction Co., Ltd. (Hung Yeu Company)	Comprehensive construction, trading of properties, developments and leases of residences and buildings	100.00	92.83	Note

Note: On May 21, 2025, our company entered into a stock purchase agreement to acquire 7.17% of the equity of our subsidiary, Hongyu Construction Co., Ltd., for a price of NT\$10,200 thousand.

3. Subsidiaries excluded from the consolidated financial statements: None.
4. Adjustments and treatments for subsidiaries with different balance sheet dates: None.
5. Significant restrictions: None.
6. Details of subsidiaries that have material non-controlling interests: None.

4) Translation of foreign currencies

The items included in the entities of the Group's financial statements are measured by the currency used in the primary economic environment where the entities operate (functional currency). The consolidated financial statements are expressed in the Company's functional currency, "New Taiwan Dollar."

Foreign Currency Transactions and Balances

1. Foreign currency transactions are translated into the functional currency using the spot exchange rate on the transaction date or measurement date. Exchange differences arising from the translation of such transactions are recognized in profit or loss for the current period.
2. Balances of foreign currency monetary assets and liabilities are remeasured using the spot exchange rates at the balance sheet date. Exchange differences arising from such remeasurement are recognized in profit or loss for the current period.
3. Balances of foreign currency non-monetary assets and liabilities that are measured at fair value through profit or loss are remeasured using the spot exchange rates at the balance sheet date, and exchange differences arising from such remeasurement are recognized in profit or loss; those measured at fair value through other comprehensive income are remeasured using the spot exchange rates at the balance sheet date, and exchange differences arising from such remeasurement are recognized in other comprehensive income; those not measured at fair value are measured using the historical exchange rates at the initial transaction date.
4. All foreign exchange gains and losses are presented under "Other gains and losses" in the statement of profit or loss.

5) Classification of non-current and current assets and liabilities

1. An asset is classified as current under one of the conditions below:
 - (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
 - (b) The Group holds the asset primarily for the purpose of trading;
 - (c) The Group expects to realize the asset within twelve months after reporting period;
 - (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Except the circumstances of 5)3., for those assets that are not current are classified as non-current.

2. A liability is classified as current under one of the conditions below:
 - (a) The Group expects to settle the liability in normal operating cycle;
 - (b) The Group holds the liability primarily for the purpose of trading;
 - (c) The liability is due to be settled within twelve months after the reporting period;
 - (d) The Group does not have the right to defer settlement of the liability for at least twelve months after the reporting period.

Except the circumstances of 5)3., for those liabilities that are not current are classified as non-current.

3. As the operating cycles of construction and sales of housing are usually longer than 1 year, the assets and liabilities related to construction and long-term construction contracts shall be classified as current or non-current based on operating cycles (usually 3 years). Other assets and liabilities shall be classified by the criteria of 1 year.

6) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks of changes in value. If time deposits conform to the conditions as mentioned above, and the Group holds them for the purpose of short-term cash commitment in operation, they are classified as cash equivalents.

7) Financial assets measured at fair value through other comprehensive income

1. These refer to equity instrument investments that are not held for trading, for which an irrevocable election is made at initial recognition to present changes in fair value in other comprehensive income.
2. The Group applies trade date accounting for financial assets measured at fair value through other comprehensive income that qualify for regular-way transactions.
3. At initial recognition, the Group measures such financial assets at fair value plus transaction costs, and subsequently measures them at fair value:
Changes in fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income shall not be reclassified subsequently to profit or loss, but are transferred to retained earnings. When the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow to the Group, and the amount of dividends can be measured reliably, the Group recognizes dividend income in profit or loss.

8) Financial assets at amortized cost

1. A financial asset is measured at amortized cost if both of the following conditions are met:
 - (a) The objective of the business model for managing the asset is to hold assets in order to collect contractual cash flows.
 - (b) The asset's contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding
2. A regular way purchase or sale of financial assets at amortized cost Is recognized using trade date accounting.
3. The amount at which the financial assets are measured at initial recognition is the fair value plus transaction costs, and shall be subsequently measured by effective interest method to amortize any difference between that initial amount and the maturity amount as interest revenue, and impairment losses shall be recognized. At derecognition, the profit or loss is recognized in profit or loss.
4. As the holding periods of the time deposits held by the Group that do not conform to the conditions of cash equivalents are short, the effect of discounting is immaterial. They shall be measured by the investment amounts

- 9) Accounts and notes receivables
1. Accounts and notes receivables are the accounts and notes with the unconditional right to receive the consideration for the goods transferred or services rendered according to the contracts.
 2. As the effect of discounting of short-term accounts and notes receivables without bearing interests is immaterial, they shall be measured by the original invoice amount.
- 10) Impairment of financial assets
- At each balance sheet date, the Group shall assess whether the credit risk on financial assets at amortized cost has increased significantly since initial recognition. The Group shall consider all the reasonable and provable information, including foreseeing information. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group shall measure the loss allowance for that instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the Group shall measure the loss allowance for that instrument at an amount equal to lifetime expected credit losses. For those accounts receivables or contract assets not containing significant financing component, the Group shall measure the loss allowance at an amount equal to lifetime expected credit losses.
- 11) Derecognition of financial assets
- The Group shall derecognize the financial assets when the contractual rights to the cash flows from the financial assets expire
- 12) Lease of lessor – operating lease
- The Group shall recognize the lease income associated with those leases less any incentives offered to the lessees as profit or loss on a straight-line basis over the lease term.
- 13) Inventories
- Inventories are initially recognized by acquisition cost. Costs are carried over by construction site, and allocated by the ratio of floor space if the inventory is a building, by land ownership portion if the inventory is a land for construction. Inventories in the end of the period are measured at the lower of cost and net realizable value item by item. 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.
- 14) Investments accounted for using equity method – associates
1. An associate is an entity over which the Group has significant influence, but does not control. Generally, the Group directly or indirectly holds over 20% of ownership with voting rights of associates' shares. Investments in associates shall be accounted for by equity method, and recognized by cost at acquisition.
 2. An investment in an associate is adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate in profit or loss and other comprehensive income accordingly. If the Group's share of losses of an associate equal or exceed its interest in the associate (including any other receivables without guarantees), the Group discontinues recognizing its share of further losses. After the Company's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.
 3. If the changes in equity of associates not due to profit or loss and other comprehensive income, and the changes have no influence on the Company's percentage of ownership to the associates, the Company shall recognize all the changes in equity by percentage of ownership into "capital surplus."

4. The Group's share of unrealized profits or losses arising from transactions between the Group and associates are eliminated. Unless transactions provide evidence of an impairment loss of the assets transferred, the unrealized losses shall be eliminated as well. Appropriate adjustments of accounting policies of the associates have been made to be uniform with the accounting policies of the Group.
 5. When the Group disposes an associate, if the Group loses significant influence of the associate, the amount previously recognized in other comprehensive income which relates to the associate, the accounting treatment shall be the same as disposal of the related assets and liabilities. That is, if a gain or loss previously recognized in other comprehensive income by the Group would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss to profit or loss. If the Group still has significant influence over the associate, the Group shall only reclassify to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest.
- 15) Property, plant and equipment
1. Property, plant and equipment are initially recognized by acquisition cost. The relevant borrowing cost during the period of construction shall be capitalized.
 2. Subsequent costs shall be recognized in the carrying value of the assets or as an individual asset, only if it's probable that future economic benefits associated with the item are expected to flow to the Group, and the costs can be measured reliably. The carrying value of the replaced items shall be derecognized. Other fix and maintenance cost are recognized in profit or loss.
 3. Property, plant and equipment are subsequently measured by cost model. Aside from land, which shall not be depreciated, straight-line method is used to allocate the depreciable amount of an asset over its useful life. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.
 4. The residual value and the useful life of an asset shall be reviewed at each financial year-end, and if expectations differ from previous estimate, or there's significant change in the consuming way of future economic benefits associated with the asset, the changes shall be accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of the changes. The useful lives of each asset are listed below: Buildings and structures 20~55 years, auxiliary equipment 10 years, and other equipment 3~5 years.
- 16) Investment properties
An investment property is measured initially at cost, and subsequently measured by cost model. Except for land, other investment properties shall be depreciated by straight-line method over their useful life of 50~55 years.
- 17) Impairment of non-financial assets
The Group shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication is present, the Group shall assess the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, impairment loss shall be recognized. Recoverable amount is the higher of the cash-generating unit's net fair value and its value in use. If the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss shall be reversed. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

- 18) Borrowings
Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowing using the effective interest method.
- 19) Accounts and notes payables
1. Accounts and notes payables are liabilities to pay for goods or services that have been received from the supplier in operations or not in operations.
2. As the effect of discounting of short-term accounts and notes payables without bearing interests is immaterial, they shall be measured by the original invoice amount.
- 20) Derecognition of financial liabilities
The Group shall derecognize a financial liability from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.
- 21) Financial guarantee contracts
A contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are measured at fair value in initial recognition, and subsequently measured at the higher of the loss allowances determined by expected credit loss and the cumulative amount of income recognized.
- 22) Employee benefits
1. Short-term employee benefits
Short-term employee benefits are measured by the undiscounted amount expected to be paid, and recognized as an expense when the employees have rendered service entitling them to the contribution.
2. Pension
For defined contribution plans, the contributions shall be recognized as pension expenses when they are due on the accrual basis. Prepaid contributions shall be recognized that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.
3. Employees' and directors' remuneration
Employees' and supervisors' remuneration are recognized as expenses and liabilities provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If the employee's remuneration is paid by stock, the basis for calculating the number of shares is the closing price before the date of board of directors' resolution.
- 23) Income tax
1. The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to the items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the entities operate and generate taxable income. Management shall periodically evaluate the tax declaration condition, and estimate the income tax liabilities based on the tax expected to be paid to the taxation authority when applicable. An additional tax on unappropriated earnings is recognized as income tax expenses on unappropriated earnings in the year the shareholders' meeting approves the distribution of earnings based on the actual distribution.

3. Deferred income tax shall be recognized for the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except to the extent that the deferred tax liabilities arise from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss), and does not give rise to equal taxable and deductible temporary differences. The Group shall not recognize the deferred tax liabilities for temporary differences associated with investments in subsidiaries and associates, if the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
 4. Deferred tax assets shall be reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.
- 24) Share capital
Ordinary shares are classified in equity. The incremental costs directly attributable to issuance of new stock or stock options are recognized as the debit elements of the capital in equity.
- 25) Dividend distribution
The cash dividends to be paid to shareholders shall be recognized as liabilities in the financial statements when the board of directors makes the resolution. The stock dividends shall be recognized as stock dividends to be distributed in the financial statements when the shareholders' meeting makes the resolution, and shall be transferred to ordinary shares at the base date of the issuance of new shares.
- 26) Revenue recognition
1. Sales of properties
 - (a) The Group shall recognize revenue when the customer obtains control of that asset. For the contracts of selling houses signed, based on the restriction of the terms of the contracts, the properties cannot be used for other purposes to the Group. And the Group does not have the enforceable rights, until the legal ownership of the properties has transferred to customers. Therefore, revenue is recognized when the legal ownership has transferred to the customers and the Group has acquired the housing confirmation letter at the time the properties are conveyed.
 - (b) The contracts of pre-sale houses include the terms of down payments, and the periods from receiving the down payments and the transfers of the control of goods are longer than 1 year. If the Group assesses that individual pre-sale house contract contains significant financial component, the committed consideration shall be adjusted and interest expenses shall be recognized. In addition, the Group shall consider the materiality of the financial component by the contract level, not consider whether the financing is material by the portfolio level. The contract liabilities shall be recognized as revenue when the properties are completed and the control has transferred to customers.
 2. Development and resale of land
Revenue is measured by the amount agreed by contracts. The customers shall pay for the contract consideration when the legal ownership of the properties transferred. Under rare circumstances, the Group negotiates with customers to delay the payment, but the delays do not exceed 12 months. As the Group determines that the contracts are without significant financial components, the amounts of considerations are not adjusted.
 3. Costs of obtaining contracts with customers
The incremental costs of obtaining a contract (primarily sales commission) shall be recognized as an asset (recognized as other current assets) when incurred if the Group expects to recover those costs, and shall be amortized systematically by the same basis as the goods or services provided related to the assets. If the consideration expected to be received less the costs not recognized as expenses is lower than the carrying amount of the asset

subsequently, the difference shall be recognized as impairment loss.

4. Rental income

Rentals are recognized as revenue and amortized by straight-line method over the lease period.

27) Segment information

The segment information shall be reported by the same way as the internal management report provided to the chief operating decision maker. The operations results of operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. And the discrete financial information of operating segments is available.

(5) Major sources of uncertainty arising from significant accounting judgments, estimates, and assumptions

When preparing the Group's consolidated financial statements, the management has made judgments to determine the account policies adopted, and make accounting estimates and assumptions based on the reasonable exceptions for future events based on the condition at the balance sheets date. However, these estimates and assumptions could differ from the actual result; thus, they could be assessed and adjusted by taking into account historical experiences and other factors. The estimates and assumptions could result in risks that require a material adjustment to the carrying amount of assets and liabilities in the next fiscal year. The uncertainty of significant accounting judgments, estimates and assumptions is as follows:

Significant accounting estimate values and assumptions

Inventory valuation

As inventories are measured by the lower of cost and net realizable value, the Group has to utilize judgment and estimates to determine the net realizable value of inventories at the balance sheet date. As of December 31, 2025, the carrying amount of inventories amounted to NT\$4,624,521 thousand.

(6) Explanation of significant accounts

1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 33	\$ 33
Checking and demand deposits	44,275	426,007
Time deposits	-	150,000
Total	<u>\$ 44,308</u>	<u>\$ 576,040</u>

1. As the correspondent banks are credible and the Group has several correspondent banks to diversify the credit risk, the probability of default is expected to be very low.
2. The Group classified the time deposits with original maturity over 3 months and not for the purpose of short-term cash commitment, and cash and cash equivalents with restricted purposes as "financial assets at amortized cost." As of December 31, 2025 and 2024, the item amounted to NT\$85,205 thousand and NT\$317,816 thousand, respectively.

2) Financial assets measured at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2025</u>	
Non-current items:		
Equity instruments		
Unlisted, OTC, and Emerging Market stocks	\$	91,188
Valuation adjustment		<u>3,252</u>
Total	\$	<u>94,440</u>

1. The Group elected to classify strategic investments as financial assets measured at fair value through other comprehensive income. The fair value of such investments amounted to NT\$94,440 thousand as of December 31, 2025. There was no such investment as of December 31, 2024.
2. Details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and other comprehensive income are as follows:

	<u>December 31, 2025</u>	
<u>Equity instruments measured at fair value through other comprehensive income</u>		
Fair value changes recognized in other comprehensive income	\$	<u>3,252</u>
Dividend income recognized in profit or loss from investments still held at the end of the current period	\$	<u>1,879</u>

3. For information on the foreign exchange and price risks associated with financial assets measured at fair value through other comprehensive income, please refer to Note 12(2).

3) Financial assets at amortized cost

<u>item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Time deposits with original maturity over 3 months	\$ 48,000	\$ 297,000
Special account for performance bond deposits	<u>37,205</u>	<u>20,816</u>
Total	<u>\$ 85,205</u>	<u>\$ 317,816</u>

1. The profit or loss arising from financial assets at amortized cost recognized is as follows:

<u>Item</u>	<u>2025</u>	<u>2024</u>
Interest revenue	<u>\$ 2,153</u>	<u>\$ 3,217</u>

2. Without consider the collaterals held and other credit enhancement, as of December 31, 2025 and 2024, the most representative credit risk exposure amounts of financial assets at amortized cost are NT\$85,205 thousand and NT\$317,816 thousand, respectively.

3. Please refer to Note 12.2 for the credit risk related to financial assets at amortized cost. As the counterparties of the investments in demand deposits are credible financial institutions, the probability of default is expected to be very low.
4. Please refer to Note 8 for the financial assets at amortized cost pledge as collaterals.

4) Accounts receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivables	<u>\$ 241</u>	<u>\$ 51</u>

1. The aging analysis of accounts receivables is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Undue	<u>\$ 241</u>	<u>\$ 51</u>

The aging analysis is based on the days of overdue.

2. As of December 31, 2025 and 2024 the balances of accounts receivables are arising from contracts with customers. And as of January 1, 2024, the balance of accounts receivables amounted to NT\$23,484 thousand.
3. The accounts receivables were not pledged as collateral.
4. Without considering the collaterals held and other credit enhancement, as of December 31, 2025 and 2024, the most representative credit risk exposure amounts of financial assets at amortized cost are NT\$241 thousand and NT\$51 thousand, respectively.
5. Please refer to Note 12.2 for the credit risk related to accounts receivables.

5) Inventories

	<u>Cost</u>	<u>December 31, 2025</u> <u>Allowance for price decline</u>	<u>Carrying amount</u>
Buildings and land held for sale	\$ 104,264	(\$ 6,470)	\$ 97,794
Land under construction	2,212,772	-	2,212,772
Construction work in process	1,733,417	-	1,733,417
Land for building	<u>584,872</u>	<u>(4,334)</u>	<u>580,538</u>
Total	<u>\$ 4,635,325</u>	<u>(\$ 10,804)</u>	<u>\$ 4,624,521</u>
		<u>December 31, 2024</u>	
	<u>Cost</u>	<u>Allowance for price decline</u>	<u>Carrying amount</u>
Buildings and land held for sale	\$ 105,136	(\$ 6,594)	\$ 98,542
Land under construction	2,212,772	-	2,212,772
Construction work in process	625,685	-	625,685
Land for building	<u>584,266</u>	<u>(4,334)</u>	<u>579,932</u>
Total	<u>\$ 3,527,859</u>	<u>(\$ 10,928)</u>	<u>\$ 3,516,931</u>

1. The inventory costs recognized as expenses or losses in current period:

	<u>2025</u>	<u>2024</u>
Costs of buildings and land sold	\$ 873	\$ 366,594
Inventory valuation losses reversal gains	<u>(124)</u>	<u>(355)</u>
	<u>\$ 749</u>	<u>\$ 366,239</u>

As part of the inventories with losses on inventory valuation have been sold in 2025 and 2024, the net realizable value of inventories increased.

2. Buildings and land held for sale are as follow:

<u>Name of buildings and land</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
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Taichung City (Mizhidi)	35,427	35,427
Taoyuan City (Jingyinghui)	24,436	25,308
Chiayi City (Chongwentianxia)	29,900	29,900
Houjhuang Section, Duanzhu Section, Tongxing Section	13,506	13,506
Taichung City (Shidaijingying)	995	995
	<u>\$ 104,264</u>	<u>\$ 105,136</u>

3. Land under construction is as follows:

<u>Name of construction site</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Zhenfu section, Taichung City (Green & House)	\$ 709,671	\$ 709,671
Dingqiao zitou section, Taichung City (Chien 18)	716,043	716,043
Renping section, Taichung City (Home +)	787,058	787,058
	<u>\$ 2,212,772</u>	<u>\$ 2,212,772</u>

4. Construction work in process is as follows:

<u>Name of construction site</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Zhenfu section, Taichung City (Green & House)	\$ 348,431	\$ 141,305
Dingqiao zitou section, Taichung City (Chien 18)	898,937	390,060
Renping section, Taichung City (Home +)	486,049	94,320
	<u>\$ 1,733,417</u>	<u>\$ 625,685</u>

5. Land held for construction is as follows:

<u>Name of construction site</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Neiweng Section	\$ 548,447	\$ 547,853
Pingxin Section	24,822	24,810
Renyitan hotel	11,603	11,603
	<u>\$ 584,872</u>	<u>\$ 584,266</u>

6. Please refer to Note 6(20) for the capitalized amount of the interests of inventories for the years ended December 31, 2025 and 2024. The interest rate intervals used for calculating the capitalization of interests are 2.58%~2.79% and 2.38%~2.56%.

7. Please refer to Note 8 for the inventories pledged as collaterals.

6) Other current assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current incremental costs of obtaining contracts	\$ 98,853	\$ 92,842
Taxes overpaid retained for offsetting the future tax payables	70,298	22,192
Other current assets - others	<u>1,859</u>	<u>884</u>
	<u>\$ 171,010</u>	<u>\$ 115,918</u>

7) Investments accounted for using equity method

	<u>2025</u>	<u>2024</u>
January 1	\$ 178,441	\$ 179,518
Share of profit or loss of investments accounted for using equity method	<u>(1,353)</u>	<u>(1,077)</u>
December 31	<u>\$ 177,088</u>	<u>\$ 178,441</u>

1. The Company resolved by the board of directors on March 15, 2023 to participate in the “Urban Renewal Project in the Renewal Area in Southern Side of Chien Kung Senior High School, Hsinchu City” by business alliance with DaMei Investment Co., Ltd. and jointly establish “Fong Suei Construction Co., Ltd.” The Company invested NT\$180,000 thousand, and acquired 30% of ownership. As the Company has significant influence over the investee, it is recognized as investments accounted for using equity method.

2. The share of profit or loss of associates accounted for using equity method is as follows:

<u>Investee</u>	<u>2025</u>	<u>2024</u>
Fong Suei Construction Co., Ltd.	<u>(\$ 1,353)</u>	<u>(\$ 1,077)</u>

The aforementioned share of profit or loss of associates accounted for using equity method has been recognized based on the financial statements in the same period audited and attested by auditors.

8) Property, plant and equipment

	<u>January 1, 2025</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>December 31, 2025</u>
<u>Cost</u>					
Land	\$ 18,078	\$ -	\$ -	\$ -	\$ 18,078
Buildings and structures	17,027	-	-	-	17,027
Auxiliary equipment	8,117	-	-	-	8,117
Other equipment	<u>3,307</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>3,385</u>
	<u>\$ 46,529</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,607</u>
<u>Accumulated depreciation</u>					
Buildings and structures	(\$ 1,711)	(\$ 807)	-	-	(\$ 2,518)
Auxiliary equipment	<u>(1,482)</u>	<u>(738)</u>	<u>-</u>	<u>-</u>	<u>(2,220)</u>
Other equipment	<u>(3,194)</u>	<u>(80)</u>	<u>-</u>	<u>-</u>	<u>(3,274)</u>
	<u>(\$ 6,387)</u>	<u>(\$ 1,625)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 8,012)</u>
	<u>\$ 40,142</u>				<u>\$ 38,595</u>

	<u>January 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>December 31, 2024</u>
<u>Cost</u>					
Land	\$ 18,078	\$ -	\$ -	\$ -	\$ 18,078
Buildings and structures	17,027	-	-	-	17,027
Auxiliary equipment	8,117	-	-	-	8,117
Other equipment	3,307	-	-	-	3,307
	<u>\$ 46,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,529</u>

Accumulated
depreciation

Buildings and structures	(\$ 904)	(\$ 807)	\$ -	\$ -	(\$ 1,711)
Auxiliary equipment	(744)	(738)	-	-	(1,482)
Other equipment	(3131)	(63)	-	-	(3,194)
	<u>(\$ 4,779)</u>	<u>(\$ 1,608)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 6,387)</u>
	<u>\$ 41,750</u>				<u>\$ 40,142</u>

Property, plant and equipment are all held for own-use purposes.

9) Lease transactions – lessor

1. The underlying assets of the lease transactions that the Group involves are land. The duration of lease term is usually 1 to 8 years. The lease contracts are negotiated individually and applicable to different terms and conditions. In order to guarantee the condition of the leased assets, the Group usually requests the lessees not to use the lease assets as collaterals, or to provide guarantees for residual values.
2. The operating revenue-rental income of buildings from operating leases for the years ended December 31, 2025 and 2024 amounted to NT\$4,471 thousand and NT\$3,986 thousand, respectively. There is no variable lease payment.
3. The maturity analysis of the lease payments of operating lease is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
1 year	\$ 4,597	\$ 4,663
1~5 years	18,542	20,345
Over 5 years	<u>1,489</u>	<u>4,041</u>
Total	<u>\$ 24,628</u>	<u>\$ 29,049</u>

10) Investment properties

	<u>January 1, 2025</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2025</u>
<u>Cost</u>				
Land	\$ 92,700	\$ -	\$ -	\$ 92,700
Buildings and structures	<u>27,713</u>	<u>-</u>	<u>-</u>	<u>27,713</u>
	<u>\$ 120,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,413</u>
<u>Accumulated depreciation</u>				
Buildings and structures	<u>(\$ 11,980)</u>	<u>(\$ 533)</u>	<u>\$ -</u>	<u>(\$ 12,513)</u>
	<u>\$ 108,433</u>			<u>\$ 107,900</u>

	<u>January 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2024</u>
<u>Cost</u>				
Land	\$ 92,700	\$ -	\$ -	\$ 92,700
Buildings and structures	<u>27,713</u>	<u>-</u>	<u>-</u>	<u>27,713</u>
	<u>\$ 120,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,413</u>
<u>Accumulated depreciation</u>				
Buildings and structures	<u>(\$ 11,447)</u>	<u>(\$ 533)</u>	<u>\$ -</u>	<u>(\$ 11,980)</u>
	<u>\$ 108,966</u>			<u>\$ 108,433</u>

1. The rental income and direct operating expenses of investment properties are as follows:

	<u>2025</u>	<u>2024</u>
Rental income from investment properties	<u>\$ 4,255</u>	<u>\$ 3,760</u>
Direct operating expenses incurred by the investment properties with current rental income	<u>\$ 652</u>	<u>\$ 654</u>

2. The fair value of the investment properties amounted to NT\$114,873 thousand and NT\$125,832 thousand for the years ended December 31, 2025 and 2024, respectively. The fair value is in the scope of level 3 of fair value hierarchy, which is the not valuated by an independent appraiser. The fair value is evaluated by the management using the valuation model often used by market participants, by discounting future cash flows of rental income. The significant unobservable inputs include the discount rate.
3. Please refer to Note 8 for the information on investment properties pledged as collaterals.

11) Short-term borrowings

<u>Types of borrowing</u>	<u>Loan period and repayment</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Bank loan				
Secured loans	July 13, 2021~ June 30, 2030 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.950%	Inventories – land under construction	\$ 305,000
Secured loans	April 27, 2022~ June 30, 2030 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.950%	Inventories – land under construction	203,630
Secured loans	June 9, 2022~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.425%	Inventories – land under construction	435,000
Unsecured loans	November 14, 2022~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.675%	None	28,000
Secured loans	January 18, 2023~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.525%	Inventories – land under construction	93,800
Secured loans	November 18, 2024~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.525%	Inventories – Construction in progress	470,440
Secured loans	March 15, 2023~ March 15, 2028 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.675%	Inventories – land under construction	308,000
Unsecured loans	December 12, 2025 ~March 15, 2028 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.825%	None	25,000
				\$ 1,868,870

<u>Types of borrowing</u>	<u>Loan period and repayment</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Bank loan				
Secured loans	July 13, 2021~ January 13, 2025 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.575%	Inventories — land under construction	\$ 305,000
Secured loans	April 27, 2022~ January 13, 2025 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.675%	Inventories — land under construction	203,630
Secured loans	June 9, 2022~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.425%	Inventories — land under construction	435,000
Unsecured loans	November 14, 2022~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.675%	None	28,000
Secured loans	January 18, 2023~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.525%	Inventories — land under construction	93,800
Secured loans	November 18, 2024~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.525%	Inventories — construction work in process	50,400
Secured loans	March 15, 2023~ March 15, 2028 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.675%	Inventories — land under construction	246,000
				<u>\$ 1,361,830</u>

1. Inventories were pledged as collaterals for the aforementioned borrowings as of December 31, 2025 and 2024 and key management also provided guarantees. Please refer to Note 7.2.
2. Please refer to Note 8 for the assets pledge as collaterals for the short-term borrowings.

12) Long-term borrowings

<u>Types of borrowing</u>	<u>Loan period and repayment</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Long-term bank loans				
Secured loans	April 19, 2017~ April 19, 2032 Interests shall be paid monthly, and the principal shall be repaid in installments since the third year.	2.510%	Inventories-buildings and land held for sale, investment properties	\$ 20,311
Secured loans	August 11, 2017~ August 11, 2032 Interests shall be paid monthly, and the principal shall be repaid in installments since the third year.	2.510%	Investment properties	9,838
Subtotal				30,149
Less: current portion of long-term borrowings				(4,326)
Total				\$ 25,823

<u>Types of borrowing</u>	<u>Loan period and repayment</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Long-term bank loans				
Secured loans	April 19, 2017~ April 19, 2032	2.510%	Inventories-buildings and land held for sale, investment properties	\$ 23,234
	Interests shall be paid monthly, and the principal shall be repaid in installments since the third year.			
Secured loans	August 11, 2017~ August 11, 2032	2.510%	Investment properties	11,177
	Interests shall be paid monthly, and the principal shall be repaid in installments since the third year.			
Subtotal				34,411
Less: current portion of long-term borrowings				(4,254)
Total				<u>\$ 30,157</u>

1. Inventories and investment properties were pledged as collaterals for the aforementioned borrowings, and key management also provided guarantees. Please refer to Note 7.2.
2. Please refer to Note 8 for the assets pledge as collaterals for the long-term borrowings.

13) Pension

1. The employee pension plan under the Labor Pension Act of the R.O.C. is a defined contribution plan. Since July 1, 2005, pursuant to the plan, the Company and domestic subsidiaries make monthly contributions of 6% based on each individual employee's salary or wage to employees' pension accounts for employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. The labor pension shall be paid for monthly pension payments or lump-sum payment, based on the principal and accrued dividends from an employee's individual labor pension account.
2. The pension costs recognized based on the aforementioned pension plan amounted to NT\$655 thousand and NT\$639 thousand for the years ended December 31, 2025 and 2024, respectively.

14) Share capital

The Company had authorized capital of NT\$2,000,000 thousand as of December 31, 2025, of which 155,001 thousand shares with par value of NT\$10 were issued. The paid-in capital is NT\$1,550,015 thousand.

The numbers of outstanding ordinary shares in the beginning and in the end of the period are reconciled as follows (unit: thousands of shares):

	<u>2025</u>	<u>2024</u>
Number of shares as of beginning and end of period	<u>155,001</u>	<u>155,001</u>

15) Capital surplus

According to the regulation of the Company Act, where a company incurs no loss, it may distribute the income derived from the issuance of new shares at a premium, and the income from endowments received by the company, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Based on the relevant regulations of Securities and Exchange Act, where a company intends to capitalize the aforementioned capital surplus, the total amount per year shall not exceed 10% of paid-in capital. A company shall not use the capital surplus to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

16) Retained earnings

1. According to the Articles of Incorporation, if there is any net profit after closing of a fiscal year, the profits shall be distributed in the following order:

- (a) payment of all taxes and dues;
- (b) offsetting losses in prior years;
- (c) setting aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Company;
- (d) setting aside or rotating special reserve according to the rule set out by the government authority in charge;
- (e) If there is still remaining balance, the Company shall set aside with accumulated unappropriated retained earnings for shareholders' dividends. The Board of Directors shall draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend.

The dividend policies of the Company take consideration of the operation of the Company, funding requirements, the changes in internal and external environments and shareholders' interests. Earnings may be distributed entirely or partially. The dividends may be distributed in cash or in stock, and the ratio of cash dividend shall be no less than 10% of total distribution.

According to Article 240-5 of the Company Act, the Company authorizes the distributable dividends and bonuses may be paid in cash after a resolution has been adopted at a meeting of the board of directors; and in addition, there to a report of such distribution shall be reported to the shareholders' meeting, but shall not be submitted to the shareholders' meeting for approval.

2. The legal reserve shall not be used except for making good the deficit of the company and being distributed by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash, for the portion in excess of 25% of the paid-in capital.
3. When distributing distributable earnings, the Company shall set aside special reserve for the debit balance under other equity in the balance sheets according to regulations. If any of the debit balance under other equity is reversed, the special reserve in the amount equal to the reversal may be reversed for earnings distribution.
4. The earnings distribution proposal of 2023 has been resolved by the board of directors on March 5, 2024, and submitted to shareholders meeting on May 29, 2024. The earnings distribution proposal of 2024 has been resolved by the board of directors on February 25, 2025, and submitted to shareholders meeting on May 28, 2025. The distribution proposals are as follows:

	2024		2023	
	Amount	Dividend per share	Amount	Dividend per share
Legal reserve	\$ 8,470		\$ 57,852	
Cash dividend	77,501	\$ 0.5	232,502	\$ 1.5
Total	\$ 85,971		\$ 290,354	

5. The earnings distribution for the year ended December 31, 2025 has been resolved by the board of directors to be NT\$0.5 of dividend per ordinary share, with total amount NT\$77,501 thousand on March 3, 2026.

17) Operating revenue

	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers	\$ 777	\$ 508,850
Others-Rental income of buildings	<u>4,471</u>	<u>3,986</u>
Total	<u>\$ 5,248</u>	<u>\$ 512,836</u>

1. Classification of revenue from contracts with customers

The revenue of the Group can be classified geographically as follows:

<u>2025</u>	<u>Construction division</u>			<u>Total</u>
	<u>South area</u>	<u>Central area</u>	<u>North area</u>	
Segment revenue	\$ -	\$ -	\$ 777	\$ 777
Time of revenue recognition				
Revenue recognized at a point in time				<u>\$ 777</u>

<u>2024</u>	<u>Construction division</u>			<u>Total</u>
	<u>South area</u>	<u>Central area</u>	<u>North area</u>	
Segment revenue	\$ -	\$ 503,752	\$ 5,098	\$ 508,850
Time of revenue recognition				
Revenue recognized at a point in time				<u>\$ 508,850</u>

2. As of December 31, 2025 and 2024, the total amount of the allocated transaction prices for not fulfilling contractual obligations and the expected years of revenue recognition of the signed contracts of sales of buildings and land are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Contract amount of signed contracts	\$ 2,420,300	\$ 2,319,650
Expected years of revenue recognition	2026~2027	2026~2027

3. Contract liabilities

The receipts in advance are contract liabilities relevant to recognition of revenue from contracts with customers as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities	<u>\$ 339,979</u>	<u>\$ 244,558</u>	<u>\$ 227,431</u>
Revenue arising from contract liabilities in the beginning of the period recognized in the current period:			
	<u>2025</u>	<u>2024</u>	
Revenue arising from contract liabilities in the beginning of the period recognized in the current period	<u>\$ -</u>	<u>\$ 206,089</u>	

18) Interest revenue

	<u>2025</u>	<u>2024</u>
Interests from bank deposits	\$ 2,578	\$ 9,602
Interest revenue from financial assets at amortized cost	<u>2,153</u>	<u>3,217</u>
	<u>\$ 4,731</u>	<u>\$ 12,819</u>

19) Other revenue

	<u>2025</u>	<u>2024</u>
Dividend Income	\$ 1,879	\$ -
Earthwork income	1,014	21,990
Other commission income	48	216
Other revenue – others	<u>184</u>	<u>3</u>
	<u>\$ 3,125</u>	<u>\$ 22,209</u>

20) Financial costs

	<u>2025</u>	<u>2024</u>
Interest expenses:		
Bank loans	\$ 39,820	\$ 33,454
Others	<u>19</u>	<u>310</u>
	39,839	33,764
Less: interests eligible for capitalization	(39,820)	(33,454)
Financial costs	<u>\$ 19</u>	<u>\$ 310</u>

21) Additional information on nature of expenses

	<u>2025</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefits expenses			
Payroll expenses	\$ -	\$ 13,448	\$ 13,448
Labor and health insurance expenses	-	1,426	1,426
Pension expenses	-	655	655
Directors' remuneration	-	2,880	2,880
Other employee benefits expenses	-	743	743
Total	<u>\$ -</u>	<u>\$ 19,152</u>	<u>\$ 19,152</u>
Depreciation expenses of property, plant and equipment	<u>\$ -</u>	<u>\$ 1,625</u>	<u>\$ 1,625</u>
Depreciation expenses of investment properties	<u>\$ 533</u>	<u>\$ -</u>	<u>\$ 533</u>
	<u>2024</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefits expenses			
Payroll expenses	\$ -	\$ 15,615	\$ 15,615
Labor and health insurance expenses	-	1,441	1,441
Pension expenses	-	639	639
Directors' remuneration	-	4,089	4,089
Other employee benefits expenses	-	1,005	1,005
Total	<u>\$ -</u>	<u>\$ 22,789</u>	<u>\$ 22,789</u>
Depreciation expenses of property, plant and equipment	<u>\$ -</u>	<u>\$ 1,608</u>	<u>\$ 1,608</u>
Depreciation expenses of investment properties	<u>\$ 533</u>	<u>\$ -</u>	<u>\$ 533</u>

1. According to the Company's Articles of Incorporation, in order to motivate employees and the operating team, the Company shall allocate remuneration to employees at the rate no

lower than 1% of annual profits, of which, no less than fifty percent of the aforementioned amount shall be allocated for salary adjustments or compensation distribution for its nonexecutive employees, and to directors at the rate of no higher than 3% of annual profits during the period; provided, however, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees and directors. The employees' remuneration shall be distributed in stock or cash, which may include eligible employees of affiliated companies. The resolution shall be made by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and reported to the shareholders' meeting. The directors' remuneration shall be only distributed in cash.

2. The employees' and directors' remunerations are estimated as follows:

	<u>2025</u>	<u>2024</u>
Employees' remuneration	\$ -	\$ 121
Directors' remuneration	-	1,209
	<u>\$ -</u>	<u>\$ 1,330</u>

(a) The aforementioned amounts are recognized as payroll expenses, which are accrued based on the profitability of the year. The employees' and directors' remunerations for the years ended December 31, 2024 were accrued by the ratios as follows:

	<u>2024</u>
Employees' remuneration ratio	<u>1‰</u>
Directors' remuneration ratio	<u>1%</u>

(b) As the Group incurred a loss in fiscal year 2025, no employee compensation or directors' remuneration was accrued.

(c) The amounts resolved by the board of directors are the same as the employees' and directors' remunerations amounts recognized in the financial statements of 2024. The employees' and directors' remunerations will be paid in cash. The actual distribution amounts of employees' and directors' remunerations are the same as the accrued amounts.

3. The information about the employees' and directors' compensation resolved by the board of directors is available at the Market Observation Post System website.

22) Income tax

1. Income tax (benefits) expenses

Composition of income tax (benefits) expenses:

	<u>2025</u>	<u>2024</u>
Current income tax:		
Current income tax charge	\$ -	\$ 6,605
Land Value Increment Tax	-	132
Additional tax on unappropriated earnings	-	14,408
Underestimation of income tax of prior periods	<u>31</u>	<u>-</u>
Total current income tax charge	<u>31</u>	<u>21,145</u>
Deferred income tax		
Origination and reversal of temporary differences	<u>(3,549)</u>	<u>13,739</u>
Total deferred income tax	<u>(3,549)</u>	<u>13,739</u>
Income tax (benefits) expenses	<u>\$ 3,518</u>	<u>\$ 34,884</u>

2. Income tax related to other comprehensive income:

	<u>2025</u>	<u>2024</u>
Fair value changes of financial assets measured at fair value through other comprehensive income	<u>\$ 650</u>	<u>\$ -</u>

3. The relationship between income tax (benefits) expenses and accounting profit

	<u>2025</u>	<u>2024</u>
Tax payables calculated by (loss) profit before tax multiplying the enacted tax rates	(\$ 2,963)	\$ 24,230
Expenses that should be deducted based on tax laws	40	-
Tax exempt income based on tax laws	(73)	(406)
Expenses that should be included based on tax laws	(1)	(7)
Additional tax on unappropriated earnings	-	14,408
Effect of Land Value Increment Tax	-	132
Evaluation changes in the realizability of deferred tax assets	(552)	(3,473)
Underestimation of income tax of prior periods	<u>31</u>	<u>-</u>
Income tax (benefits) expenses	<u>(\$ 3,518)</u>	<u>\$ 34,884</u>

4. The amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>2025</u> <u>Recognized in other comprehensive income</u>	<u>December 31</u>
Deferred income tax assets:				
-Temporary differences :				
Allowances for inventory valuation losses	\$ 341	(\$ 25)	\$ -	\$ 316
Tax loss	-	3,551	-	3,551
Capitalized interests under new system	<u>1</u>	<u>23</u>	<u>-</u>	<u>24</u>
Total	<u>\$ 342</u>	<u>\$ 3,549</u>	<u>\$ -</u>	<u>\$ 3,891</u>
Deferred income tax liabilities:				
Changes in fair value of financial assets measured at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 650</u>	<u>\$ 650</u>
		<u>\$ 3,549</u>	<u>\$ 650</u>	

	2024		
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Deferred income tax assets:			
-Temporary differences :			
Allowances for inventory valuation losses	\$ 412	(\$ 71)	\$ 341
Unrealized gross profit in the current period	13,643	(13,643)	-
Capitalized interests under new system	<u>26</u>	<u>(25)</u>	<u>1</u>
Total	<u>\$ 14,081</u>	<u>(\$ 13,739)</u>	<u>\$ 342</u>

5. The deductible deadline of unused tax loss arising from transactions of house and land in accordance with Article 4-4 of Income Tax Act, and amount of the unrecognized deferred tax assets of the Group are as follows:

December 31, 2025					
<u>Year of occurrence</u>	<u>Company name</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax assets</u>	<u>Last deductible year</u>
2022	Hung Yeu	Verified amount	\$ 50	\$ 50	2032

December 31, 2024					
<u>Year of occurrence</u>	<u>Company name</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax assets</u>	<u>Last deductible year</u>
2022	Hung Yeu	Verified amount	\$ 50	\$ 50	2032

6. The deductible deadline of unused tax loss and amount of the unrecognized deferred tax assets of the Company and subsidiaries are as follows:

December 31, 2025					
<u>Year of occurrence</u>	<u>Company name</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax assets</u>	<u>Last deductible year</u>
2023	Hung Yeu	Verified amount	\$ 1,959	\$ 1,959	2033

December 31, 2024					
<u>Year of occurrence</u>	<u>Company name</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax assets</u>	<u>Last deductible year</u>
2018	Hung Yeu	Verified amount	\$ 532	\$ 532	2028
2019	Hung Yeu	Verified amount	129	129	2029
2021	Hung Yeu	Verified amount	488	488	2031
2022	Hung Yeu	Verified amount	565	565	2032
2023	Hung Yeu	Declared amount	<u>2,892</u>	<u>2,892</u>	2033
		Total	<u>\$ 4,606</u>	<u>\$ 4,606</u>	

7. Deductible temporary differences of unrecognized deferred tax assets:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deductible temporary differences	<u>\$ 9,225</u>	<u>\$ 9,225</u>

8. Profit-seeking Enterprise Income Taxes of the Group have been verified by the tax collection authority until the years as follows:

Verified year	Fong-Chien		Hung Yeu	
	2023		2023	
23) <u>Earnings (loss) per share</u>	<u>2025</u>			
	<u>After-tax amount</u>	<u>Weighted –average outstanding shares (thousand)</u>	<u>Loss per share (NT\$)</u>	
<u>Basic loss per share</u>				
Net loss attributable to ordinary shareholders of the parent	(\$ 13,941)	155,001		(\$ 0.09)
	<u>2024</u>			
	<u>After-tax amount</u>	<u>Weighted –average outstanding shares (thousand)</u>	<u>Earnings per share (NT\$)</u>	
<u>Basic earnings per share</u>				
Profit attributable to ordinary shareholders of the parent	\$ 84,697	155,001		\$ 0.55
<u>Diluted earnings per share</u>				
Profit attributable to ordinary shareholders of the parent	84,697	155,001		
Effect of diluted potential ordinary shares				
Employees' remuneration	-	8		
Profit attributable to ordinary shareholders of the parent plus the effect of potential ordinary shares	\$ 84,697	155,009		\$ 0.55

1. As the Group incurred a net loss for the year 2025, the inclusion of potential ordinary shares would have resulted in an anti-dilutive effect; therefore, only basic loss per share is presented.
2. When calculating the diluted earnings per share, assume the employees' remunerations to be paid in stock, and add the diluted potential ordinary shares into the calculation of diluted weighted average number of ordinary shares outstanding to calculate the diluted earnings per share.

24) Changes in the liabilities arising from financing activities

	<u>January 1, 2025</u>	<u>Changes in cash flows</u>		<u>December 31, 2025</u>
		<u>from financing</u>	<u>Non-cash flow</u>	
		<u>activities</u>	<u>increase (decrease)</u>	
Short-term borrowings	\$ 1,361,830	\$ 507,040	\$ -	\$ 1,868,870
Long-term borrowings (including the current portion)	34,411	(4,262)	-	30,149
Dividends payables	-	(77,501)	77,501	-
Guaranteed deposits received	<u>1,238</u>	<u>(126)</u>	<u>-</u>	<u>1,112</u>
Total liabilities arising from financing activities	<u>\$ 1,397,479</u>	<u>\$ 425,151</u>	<u>\$ 77,501</u>	<u>\$ 1,900,131</u>

	<u>January 1, 2024</u>	<u>Changes in cash flows</u>		<u>December 31, 2024</u>
		<u>from financing</u>	<u>Non-cash flow</u>	
		<u>activities</u>	<u>increase (decrease)</u>	
Short-term borrowings	\$ 556,800	\$ 81,730	\$ 723,300	\$ 1,361,830
Long-term borrowings (including the current portion)	761,873	(4,162)	(723,300)	34,411
Dividends payables	-	(232,502)	232,502	-
Guaranteed deposits received	<u>1,204</u>	<u>34</u>	<u>-</u>	<u>1,238</u>
Total liabilities arising from financing activities	<u>\$ 1,319,877</u>	<u>(\$ 154,900)</u>	<u>\$ 232,502</u>	<u>\$ 1,397,479</u>

(7) Related party transactions

1) Related party names and relationships

<u>Related party name</u>	<u>Relationship with the Group</u>
Fong Sui Construction Co., Ltd. (Fong Sui Construction)	Associate
Fong Yi Construction Co., Ltd. (Fong Yi Construction)	The chairman is the first degree relative of the general manager of the Company
Grace Hospitality Management Co., Ltd. (Grace Hospitality)	The chairman is the second degree relative of the general manager of the Company
Truth Investment Co. Ltd (Truth Investment)	The chairman is the first degree relative of the general manager of the Company

2) Significant transactions with related parties

1. Jointly and severally liability of peer industries – commission income

	<u>2025</u>	<u>2024</u>
Fong Yi Construction	\$ 24	\$ 198
Grace Hospitality	-	6
Total	<u>\$ 24</u>	<u>\$ 204</u>

2. Jointly and severally liability of peer industries – commission expenses

	<u>2025</u>	<u>2024</u>
Grace Hospitality	\$ 9	\$ 249

3. Other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fong Yi Construction	\$ 22	\$ 57
Grace Hospitality	-	3
Total	<u>\$ 22</u>	<u>\$ 60</u>

4. Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Grace Hospitality	\$ -	\$ 38

5. Details of guarantees

(a) The Group provided endorsement and guarantee to other related parties for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act. The details are as follows:

<u>Endorser and guarantor</u>	<u>Endorsee and guarantee</u>	<u>Constructi on name</u>	<u>Date of signing guarantee contract</u>	<u>Endorsement and guarantee amount (construction cost on the license)</u>	<u>Acquisition of usage license</u>	<u>Note</u>
Fong-Chien Construction	Fong Yi Construction	Fenghe	2021.03.18 2021.10.07 (Change in the name of the builder)	\$ 425,690	2024.03.22	
Fong-Chien Construction	Fong Yi Construction	Senhuo	2024.03.06	\$ 692,204	2025.09.12	Note1
Fong-Chien Construction	Fong Yi Construction	Boji wan	2025.10.09	\$ 647,221	Not yet obtained	Note2
Hung Yeu Construction	Grace Hospitality	Fong Suei	2022.06.01	\$ 159,101	2024.08.26	

The guarantee period is from the date of signing mutual guarantee contracts, which are audited and approved by the association, and the performance guarantee expires when the constructions receive the user license.

Note1: The construction cost on the license of this construction project amounted to NT\$692,204 thousand. The project is planned to be two buildings with 21 floors above the ground and 4 floors under the ground each, total 328 households, As of Fong Yi Construction applied for performance bond for companies in the same industry, the progress of the project is completion of two buildings with 21 floors above the ground, and 245 households are with performance bond by the bank. The Company will be responsible for the performance bond for the residual households not yet sold until acquisition of usage license of the construction project.

Note2: The construction cost on the license of this construction project amounted to NT\$647,221 thousand. The project is planned to be two buildings with 23 floors above the ground and 4 floors under the ground each, total 301 households, As of Fong Yi Construction applied for performance bond for companies in the same industry, the construction progress is currently at the excavation and construction stage, and 44 households are with performance bond by the bank. The Company will be responsible for the performance bond for the residual households not yet sold until acquisition of usage license of the construction project.

- (b) Other related parties provide endorsement and guarantee to the Group for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act. The details are as follows:

<u>Endorser and guarantor</u>	<u>Endorsee and guarantee</u>	<u>Construction name</u>	<u>Date of signing guarantee contract</u>	<u>Endorsement and guarantee amount (construction cost on the license)</u>	<u>Acquisition of usage license</u>
Grace Hospitality Truth Investment Co. Ltd	Fong-Chien Construction	Chien18	2023.09.08	\$ 311,906	(Not yet acquired)
	Fong-Chien Construction	HOME+	2024.10.04	\$ 188,692	(Not yet acquired)

The guarantee period is from the date of signing mutual guarantee contracts, which are audited and approved by the association, and the performance guarantee expires when the constructions receive the user license.

- (c) The Group provided endorsement and guarantee for associates as follows:

The board of directors resolved on May 23, 2023 to become the joint guarantor for the bank loans of associate, Fong Suei Construction Co., Ltd., based on the 30% of shareholding ratio. The loan amount is NT\$1,086,000 thousand, and the credit line has been received on November 20, 2023.

6. Others

The key management is the joint guarantor of the long-term and short-term borrowings. Please refer to Note 6.11 and 6.12 for explanations.

3) Information on key management personnel compensation

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 7,680	\$ 9,639

Short-term employee benefits include the accrued directors' remuneration. Please refer to Note 6.21.2 for explanation.

(8) Pledged assets

The assets pledge as collaterals are as follows:

<u>Assets</u>	<u>Carrying amount</u>		<u>Object</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>	
Inventories	\$ 3,141,608	\$ 2,633,460	Long-term and short-term bank loans (including current portion of long-term bank loans)
Investment properties	107,900	108,433	Long-term bank loans
Financial assets at amortized cost - current	37,205	20,816	Special account for performance bond deposit
	<u>\$ 3,286,713</u>	<u>\$ 2,762,709</u>	

(9) Significant contingencies and unrecognized contract commitments

1) Contingencies

1. The Group provided endorsement and guarantee to Hundredfold Development Co., Ltd. for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act. The details are as follows:

<u>Endorser and guarantor</u>	<u>Endorsee and guarantee</u>	<u>Construction name</u>	<u>Date of signing guarantee contract</u>	<u>Endorsement and guarantee amount (construction cost on the license)</u>	<u>Acquisition of usage license</u>
Hung Yeu Construction	Hundredfold Development	Fengsentai	2024.09.13	\$ 171,525	(Not yet acquired)

The guarantee period is from the date of signing mutual guarantee contracts, which are audited and approved by the association, and the performance guarantee expires when the constructions receive the user license.

2. Please refer to Note 7(2) for the guarantees provided for related parties.

2) Commitments

The capital expenditures that the Group has signed contracts for but have not yet occurred.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Construction work in process	\$ 1,143,614	\$ 2,286,843

(10) Losses due to major disasters

None.

(11) Significant subsequent events

None.

(12) Others

1) Capital management

The primary objective of the Group's capital management is to ensure that it operates continuously and maintains optimal capital structure to decrease the cost of capital and maximized the shareholders' equity. The Group manages and adjusts the capital structure, probably by adjusting dividend payment, returning of capital, issuing new shares, or disposing assets. The Group utilized debt to capital ratio to monitor the Group's capital. The ratio is calculated by net debt divided by total capital. Net debt is calculated by the total borrowings (including "current and non-current borrowings" stated in the consolidated financial statements) less of cash and cash equivalents. And total capital is calculated by "equity" stated in the consolidated balance sheets plus net debt. As of December 31, 2025 and 2024, the debt to capital ratio of the Group's asset is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total borrowings	\$ 1,899,019	\$ 1,396,241
Less: cash and cash equivalents	(44,308)	(576,040)
Net debt	1,854,711	820,201
Total equity	2,929,208	3,028,217
Total capital	\$ 4,783,919	\$ 3,848,418
Debt to capital ratio	38.77%	21.31%

2) Financial instruments

1. Types of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income	\$ 94,440	\$ -
Financial assets at amortized cost		
Cash and cash equivalents	\$ 44,308	\$ 576,040
Current financial assets at amortized cost	85,205	317,816
Accounts receivables	241	51
Other receivables (including related parties)	950	1,331
Refundable deposits (Recognized as Other non-current assets)	2,216	2,216
	<u>\$ 132,920</u>	<u>\$ 897,454</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 1,868,870	\$ 1,361,830
Notes payables	2,198	801
Accounts payables	165,798	127,369
Other payables (including related parties)	15,289	33,023
Long-term borrowings (including current portion)	30,149	34,411
Guaranteed deposits received (Recognized as other current non-current liabilities)	1,112	1,238
	<u>\$ 2,083,416</u>	<u>\$ 1,558,672</u>

2. Risk management policies

(a) The Group's operation is influence by several financial risks, including market risk (including interest rate risk), credit risk, and liquidity risk.

(b) Risk management is implemented by the finance department's cooperating with each operating unit in the Group, to identify, assess, and avoid financial risks.

3. Nature and extent of significant financial risk

(a) Market risk

Exchange rate risk

A. The Group holds certain investments in foreign operations, and the net assets of these investments are exposed to foreign currency translation risk.

B. The Group's operations involve certain non-functional currencies and are therefore subject to the impact of exchange rate fluctuations. Information on foreign currency-denominated assets with significant exposure to exchange rate fluctuation risk is as follows:

				December 31, 2025		
				<u>Foreign currency (k)</u>	<u>Ex-rate</u>	<u>Carrying amount (NTD)</u>
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Non-monetary items</u>						
	USD:NTD	\$	3,000	31.480	\$	94,440

As of December 31, 2024 : None.

- C. The Group's analysis of foreign currency market risk arising from significant exchange rate fluctuations is as follows:

				December 31, 2025		
				<u>Sensitivity Analysis</u>		
				<u>Change percentage</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Non-monetary items</u>						
	USD:NTD		5%	-	\$	4,722

For the year ended December 31, 2024: None.

Price risk

- A. The equity instruments to which the Group is exposed to price risk are those held and accounted for as financial assets measured at fair value through other comprehensive income.
- B. The Group mainly invests in equity instruments issued by foreign companies. The prices of these equity instruments are affected by uncertainties regarding the future value of the underlying investments. If the prices of these equity instruments were to increase or decrease by 5% while all other variables remained constant, the Group's after-tax net profit or other comprehensive income for the years ended December 31, 2025 and 2024 would increase or decrease by NT\$3,778 thousand and NT\$0 thousand, respectively, due to gains or losses arising from equity investments classified as financial assets measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises from short-term and long-term borrowings at floating interest rate. Borrowings at floating interest rates expose the Group to cash flow interest rate risk. As of December 31, 2025 and 2024, the borrowings at floating interest rate are primarily denominated in New Taiwan Dollars.
- B. As of December 31, 2025 and 2024, if the interest rate of borrowings denominated in New Taiwan Dollars had increased or decreased by 1%, the Group's profit would have decreased or increased by NT\$15,192 thousand and NT\$11,170 thousand for the years ended December 31, 2025 and 2024, assuming all other variable factors remain constant. The changes in profit resulted from the changes in interest expense due to borrowings at floating interest rate.

(b) Credit risk

- A. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risks from accounts receivables that the counterparty is unable to pay off by the payment term, and the contractual cash flows from investments in debt instruments at amortized cost.

- B. The Group manages credit risk in terms of the Group. The Group only accepts banks or institutions assessed to be with good credit quality as correspondent bank or financial institutions. The notes receivables and accounts receivables are receivables from customers for selling buildings and land. Based on the internal credit policies, the Group shall manage and implement credit risk analysis before determine payment terms and delivery terms with new customers. Internal risk control evaluates customers' credit quality by considering the financial condition, past experiences, and other factors.
- C. The Group adopts the presumptions in the scope of IFRS9. When contractual payments are more than 90 days past due, the payments shall be deemed as that default has occurred.
- D. The Group adopts the following presumptions in the scope of IFRS9, to determine whether the credit risk of the financial instruments has increased significantly since initial recognition:
The credit risk on financial assets has increased significantly since initial recognition when contractual payments are more than 30 days past due.
- E. The Group is keep implementing the legal procedures of recourse, to preserve the creditor's right. As of December 31, 2025 and 2024, the debts that are still under recourse amounted to both NT\$0 thousand.
- F. The Group classifies the accounts receivables from customers by the characteristics of customer types, estimates expected credit losses by loss rate method under simplified approach, and adjust the loss rates built based on the historical and current information in specific periods by taking into consideration of foreseeing information, to estimate the loss allowances for accounts receivables. As of December 31, 2025 and 2024, the Group assessed that the impairment losses that may occur are little.

(c) Liquidity risk

- A. The cash flow forecast is summarized by the financial department of the Group. The financial department monitors the forecast of working capital requirement, ensures there's enough capital to support the operating requirements, and maintains enough unused credit lines of borrowings at any time.
- B. Unused credit lines of the Group are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Due over 1 year	\$ 487,020	\$ 210,500

- C. The table below analyzed the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The contractual cash flows disclosed below are not discounted.

Non-derivative financial liabilities:

December 31, 2025	<u>Within 6 months</u>	<u>6 months-1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>	<u>Total</u>
Short-term borrowings	\$ 24,747	\$ 24,747	\$ 1,062,472	\$ 880,993	\$1,992,959
Notes payables	2,198	-	-	-	2,198
Accounts payables	159,788	1,233	4,777	-	165,798
Other payables	4,778	5	10,506	-	15,289
Long-term borrowings (including current portion)	2,538	2,538	5,076	22,532	32,684
Guaranteed deposits received	-	-	-	1,112	1,112
Financial guarantee contract	-	-	171,525	1,733,221	1,904,746

Non-derivative financial liabilities:

December 31, 2024	<u>Within 6 months</u>	<u>6 months-1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>	<u>Total</u>
Short-term borrowings	\$ 17,410	\$ 17,410	\$ 34,820	\$ 1,422,924	\$1,492,564
Notes payables	801	-	-	-	801
Accounts payables	122,536	-	4,833	-	127,369
Other payables	21,371	1,219	10,433	-	33,023
Long-term borrowings (including current portion)	2,538	2,538	5,076	27,608	37,760
Guaranteed deposits received	-	-	-	1,238	1,238
Financial guarantee contract	-	692,204	171,525	1,086,000	1,949,729

3) Fair value information

1. The definitions of each level in valuation techniques used to measure the fair value of financial and non-financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that entities can access at the measurement date. An active market is the market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: unobservable inputs for the assets or liabilities. The investments in equity instruments measured at fair value through other comprehensive income, and investment properties held by the Group are in the scope.

2. Please refer to Note 6.10 for the fair value information of investment properties measured at cost.

3. Financial instruments no measured at fair value

The carrying amount of cash and cash equivalents, financial assets at amortized cost - current, accounts receivables, other receivables, refundable deposits, short-term borrowings, notes payables, accounts payables, other payables, long-term borrowings (including current portion), and guaranteed deposits received is the reasonable approximation of fair value

4. For financial instruments measured at fair value, the Group classifies them based on the nature, characteristics, and risks of the assets and liabilities, as well as the fair value hierarchy. The related information is as follows:

(1) The Group classifies assets and liabilities by their nature; relevant information is as follows:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets measured at fair value through other comprehensive income				
Equity instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,440</u>	<u>\$ 94,440</u>

As of December 31, 2024 : None.

(2) The methods and assumptions used by the Group in measuring fair value are described as follows:

A. Except as otherwise stated, the fair value of financial instruments is determined using valuation techniques or by reference to counterparties' quotations. Fair values obtained through valuation techniques are determined by reference to the current fair value of other financial instruments that are substantially similar in terms of conditions and characteristics, discounted cash flow analyses, or other valuation techniques, including model-based calculations using market information available as of the consolidated balance sheet date.

B. The outputs of valuation models represent estimated values, and valuation techniques may not reflect all relevant factors applicable to the financial and non-financial instruments held by the Group. Accordingly, the estimates derived from valuation models are appropriately adjusted for additional parameters, such as model risk or liquidity risk. Based on the Group's policies for managing fair value measurement models and the related control procedures, management believes that the valuation adjustments are appropriate and necessary to properly present the fair values of financial and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the valuation process have been carefully assessed and appropriately adjusted to reflect current market conditions.

5. The table below sets forth the movements in Level 3 during the year:

	<u>2025</u>
	<u>Equity instruments</u>
January 1	\$ -
Purchases during current period	91,188
Unrealized gains (losses) on equity instrument investments measured at fair value through other comprehensive income	<u>3,252</u>
December 31	<u>\$ 94,440</u>

For the year ended December 31, 2024: None.

6. Quantitative information about significant unobservable inputs used in valuation models for Level 3 fair value measurements and a sensitivity analysis of changes in significant unobservable inputs are as follows:

	<u>December 31, 2025</u> <u>Fair value</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable inputs</u>	<u>Range</u>	<u>Relationship</u> <u>between inputs</u> <u>and fair value</u>
Non-derivative equity instruments:					
Unlisted and non-OTC company shares	\$ 94,440	Net asset value method	Not applicable	\$ 94,440	Not applicable

As of December 31, 2024 : None.

(13) Other disclosures

1) Information on significant transactions

1.Loans to others: None.

2.Provision of endorsements and guarantees to others: Please refer to Table 1.

3.Major marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures) : Please refer to Table 2.

4. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

5. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to None.

6. Business relationships among the parent company and subsidiaries, and significant intercompany transactions: Please refer to Table 3.

2) Information on investees

The information about company names, locations, etc. of investees(investees in Mainland China are not included): Please refer to Table 4.

3) Information on investees in Mainland China

None.

(14) Segment information

1) General information

The Group only operates in a single industry, and the management of the Group assesses performance and allocated resources as a whole. Therefore, the Group is identified as a single reportable segment.

2) Information on segment profit or loss, assets and liabilities

The reportable segment information provided to the chief operating decision maker is as follows:

	<u>2025</u>	<u>2024</u>
Revenue from external customers	\$ 5,248	\$ 512,836
Inter-segment revenue	-	-
Total segment revenue	<u>\$ 5,248</u>	<u>\$ 512,836</u>
Segment profit or loss before tax	<u>\$ 17,428</u>	<u>\$ 119,694</u>
Segment profit or loss includes:		
Interest income	\$ 4,731	\$ 12,819
Finance costs	(19)	(310)
Depreciation and amortization	(2,158)	(2,141)
Share of profit or loss of associates and joint venture	(1,353)	(1,077)

- 3) Information on reconciliation of segment profit or loss
The profit or loss before tax is the same as the revenue from continuous operating segments for the years ended December 31, 2025 and 2024. There is no item to be reconciled.
- 4) Information by product and by service
Revenue of the Group is primarily from engaging in construction business. Please refer to the explanations in Note 6(17).
- 5) Geographic information
The geographic information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	<u>\$ 5,248</u>	<u>\$ 146,495</u>	<u>\$ 512,836</u>	<u>\$ 148,575</u>

- 6) Major Customer Information
The Group's major customer information for the year 2025 is as follows:

	<u>2025</u>	
	<u>Revenue</u>	
Customer A	\$	2,441
Customer B		1,814
Customer C		777

For the year 2024, revenue derived from each customer of the Group did not account for 10% or more of the total revenue reported in the consolidated statement of comprehensive income.

Fong-Chien Construction Co.,LTD. and Subsidiaries
Provision of endorsements and guarantees to others
For the Year Ended December 31,2025

Table 1

Expressed in thousands of New Taiwan Dollars
(Except as indicated)

Guarantee and endorsee

No.	Name of endorser and guarantor	Company name	Relationship (Note 3)	Limitation on	Highest balance	Balance of	Actual usage	Amount of	Ratio of	Maximum	Parent company	Subsidiary	Endorsements/guarantee	Note
				amount of	for guarantee				guarantees and					
				guarantees and	and	endorsements,	amount	pledged for	amounts of	endorsements	s to subsidiary	s to the parent company	behalf of companies in	
				endorsements	endorsements	end of year		guarantee	net worth of the				Mainland China	
				for a specific	during the			and	latest financial					
				enterprise	period			endorsements	statements					
0	Fong-Chien Construction Co.,LTD.	Fong Suei Construction Co.,LTD	6	5,858,416	1,086,000	1,086,000	1,086,000	-	37.07%	5,858,416	N	N	N	Note 2
0	Fong-Chien Construction Co.,LTD.	Fong Yi Construction CO., LTD.	7	5,858,416	692,204	-	-	-	-	5,858,416	N	N	N	Note 2, 6,
0	Fong-Chien Construction Co.,LTD.	Fong Yi Construction CO., LTD.	7	5,858,416	647,221	647,221	647,221	-	22.10%	5,858,416	N	N	N	Note 2, 7,
1	Hung Yeu Construction Co., Ltd.	Hundredfold Development Co., Ltd.	7	1,512,572	171,525	171,525	171,525	-	113.40%	1,815,086	N	N	N	Note 4, 5

Note 1: According to the "Operational Procedures for Loaning of Company Funds," the total amount available for endorsement provided to others shall not exceed 50% of the Company's net worth in the current financial statements, and the total amount for endorsement provided to one entity shall not exceed 50% of the Company's net worth in the current financial statements.

Note 2: Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of Note 1. However, the total amount shall not exceed 200% of the Company's net worth.

Note 3: There are 7 types of relationships between the endorser/guarantor and the endorsee/guarantee. Only numbers of types shall be indicated:

(1) Entities have business relations with the Company

(2) The Company directly or indirectly holds more than 50% of voting shares of the entity.

(3) Entity directly or indirectly owns more than 50% of voting shares of the Company.

(4) The Company directly or indirectly holds 90% of voting shares of the entity.

(5) The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project

(6) All capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

Note 4: For companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, the total amount available for endorsement provided to others shall not exceed 12 times of the Company's net worth in the current financial statements, and the total amount for endorsement provided to one entity shall not exceed 10 times of the Company's net worth in the current financial statements

Note 5: Actual usage amount is based on the construction costs on the construction license.

Note 6: The construction cost on the license of this construction project amounted to NT\$692,204 thousand. The project is planned to be two buildings with 21 floors above the ground and 4 floors under the ground each, total 328 households, As of Fong Yi Construction applied for performance bond for companies in the same industry, the progress of the project is completion of two buildings with 21 floors above the ground, and 245 households are with performance bond by the bank. The Company will be responsible for the performance bond for the residual households not yet sold until acquisition of usage license of the construction project.

Note 7: The construction cost on the license of this construction project amounted to NT\$647,221 thousand. The project is planned to be two buildings with 23 floors above the ground and 4 floors under the ground each, total 301 households, As of Fong Yi Construction applied for performance bond for companies in the same industry, the construction progress is currently at the excavation and construction stage, and 44 households are with performance bond by the bank. The Company will be responsible for the performance bond for the residual households not yet sold until acquisition of usage license of the construction project.

Table 1

Fong-Chien Construction Co.,LTD. and Subsidiaries
Major marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures)
For the Year Ended December 31,2025

Table 2

Expressed in thousands of New Taiwan Dollars
(Except as indicated)

<u>Investee companies</u>	<u>Type and name of marketable securities</u>	<u>Relationship with the issuer of the marketable securities</u>	<u>Account title</u>	<u>31-Dec-25</u>		<u>Shareholding ratio</u>	<u>Fair value</u>	<u>Note</u>
				<u>Number of stocks</u>	<u>Carrying amount</u>			
Hung Yeu Construction Co., Ltd.	Equity interest – Arbol Investments I, LLC	NA	Financial assets measured at fair value through other comprehensive income – non-current	-	\$ 54,288	Note 1	\$ 56,664	
Hung Yeu Construction Co., Ltd.	Equity interest – Arbol Investments II, LLC	NA	Financial assets measured at fair value through other comprehensive income – non-current	-	36,900	Note 1	37,776	
				Valuation adjustment	3,252		\$ 94,440	

Note 1: The shareholding ratio does not reach 10%.

Fong-Chien Construction Co.,LTD. and Subsidiaries
Business relationships among the parent company and subsidiaries, and significant intercompany transactions
For the Year Ended December 31,2025

Table 3

Expressed in thousands of New Taiwan Dollars

(Except as indicated)

No. (Note 1)	Company name	Counterpart	Relationship with the counterpart (Note 2)	Transaction details			Ratio to the consolidated revenue or total assets (Note 3)
				Account	Amount	Terms	
0	Fong-Chien Construction Co.,LTD	Hung Yeu Construction Co., Ltd.	1	Construction work in process	\$ 36,952	Construction Contract	0.69%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

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

Note 2: Relationship between the Company and counterparty is classified into the following three categories(Intercompany transactions need not be disclosed repeatedly. For example, if a transaction from the parent company to a subsidiary has been disclosed, the subsidiary is not required to disclose the same transaction):

- (1) Parent company to subsidiary is '1'.
- (2) Subsidiary to parent company is '2'.
- (3) Subsidiary to subsidiary is '3'.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts"

Fong-Chien Construction Co.,LTD. and Subsidiaries
The Information about company names, locations, etc. of Investees (excluding investees in Mainland China)
For the Year Ended December 31,2025

Table 4

Expressed in thousands of New Taiwan Dollars
(Except as indicated)

<u>Investor company</u>	<u>Investee company</u>	<u>Location</u>	<u>Main business</u>	<u>Original investment amount</u>		<u>Ownership as of December 31, 2025</u>			<u>Profit (loss) of investees in the current period</u>	<u>Gain (loss) of investees recognized in the current period</u>	<u>Note</u>
				<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Number of shares</u>	<u>Percentage</u>	<u>Carrying amount</u>			
Fong-Chien Construction Co.,LTD.	Hung Yeu Construction Co., Ltd.	Taiwan	Comprehensive construction, trading of properties, developments and leases of residences and buildings etc.	\$ 230,200	\$ 220,000	23,700,000	100.00%	\$ 150,952	\$ 2,648	\$ 2,310	
Fong-Chien Construction Co.,LTD.	Fong Suei Construction Co.,LTD.	Taiwan	Comprehensive construction, trading of properties, developments and leases of residences and buildings etc.	180,000	180,000	18,000,000	30.00%	177,088	(4,511)	(1,353)	