

Huaku Development Co., Ltd. and
Subsidiaries
Consolidated Financial Statements and CPA's
Review Report
Q1 of 2025 and 2024
(Stock Code: 2548)

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

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Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

Huaku Development Co., Ltd. and Subsidiaries

Consolidated Financial Statements and CPA's Review Report in Q1 of 2025 and 2024

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CPA's Review Report

(2025) Cai-Shen-Bao-Zi No. 25000223

To Huaku Development Co., Ltd.,

Introduction

The auditors have audited the Consolidated Balance Sheets of Huaku Development Co., Ltd. and its subsidiaries (hereinafter referred to as "Huaku Group") as of March 31, 2025 and 2024, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes for Consolidated Financial Statements (including Significant Accounting Policies and Summary Statements) for the period of January 1 to March 31, 2025 and 2024. The preparation of the consolidated financial statements presenting fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IAS 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission, is the responsibility of management. Our responsibility as auditors is to form a conclusion on the consolidated financial statements based on the review results.

Scope

Except as described in the Basis for Qualified Conclusion section, we conducted our reviews in accordance with TWSRE2410 Review of Financial Information Performed by the Independent Auditor of the Entity. Procedures performed when reviewing the consolidated financial statements include inquiries (mainly directed to personnel responsible for financial and accounting matters), analytical procedures, and other review procedures. The scope of a review is substantially less than that of an audit, therefore the accountant may not become aware of all significant matters that would be identified in an audit. Hence, the accountant cannot express an audit opinion.

Basis for Qualified Conclusion

As described in Notes 4 (3) and 6 (7) to the consolidated financial statements, the financial statements of certain insignificant subsidiaries, as well as investments accounted for under the equity method for the same periods as those of the consolidated financial statements, have not been reviewed by auditors. As of March 31, 2025 and

2024, the total assets (including investments accounted for using the equity method) amounted to NT\$130,262 thousand and NT\$206,283 thousand, respectively, representing 0.23% and 0.47% of the consolidated total assets. Total liabilities were NT\$13,552 thousand and NT\$54,116 thousand, constituting 0.04% and 0.22% of the consolidated total liabilities as of March 31, 2025 and 2024, respectively. Comprehensive income (loss) amounted to NT\$3,770 thousand and NT\$811 thousand, constituting (2.98%) and (1.09%) of the consolidated comprehensive income (loss) for the periods from January 1 to March 31, 2025 and 2024, respectively.

Qualified Conclusion

Based on the results of our review, except for the potential adjustments to the financial statements of certain insignificant subsidiaries and investments accounted for using the equity method, as described in the Basis for Qualified Conclusion section, we have not identified any significant matters in the consolidated financial statements that have not been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission, which would preclude a proper presentation of the consolidated financial position of the Huaku Group as of March 31 of 2025 and 2024, and the consolidated financial performance and cash flows for the periods from January 1 to March 31 of 2025 and 2024.

PwC Taiwan

Wang Fang-Yu

CPA

Lin Chia-Hung

Financial Supervisory Commission

Approved Document, Reference No.:

Jin-Guan-Zheng-Shen Zi No. 1030027246

Jin-Guan-Zheng-Shen Zi No. 1080323093

May 7, 2025

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
March 31, 2025, and December 31 and March 31, 2024

						Unit: NT\$ thousands		
		March 31, 2025		December 31, 2024		March 31, 2024		
Assets	Notes	Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6 (1)	\$ 1,590,712	3	\$ 3,754,611	7	\$ 865,312	2
1110	Financial asset measured at fair value through profit and loss—current	6 (2)	12,713	—	13,385	—	22,238	—
1136	Current financial assets measured at amortized cost		2,000,000	4	2,000,000	4	—	—
1150	Notes receivable, net	6 (3)	118,709	—	109,193	—	79,206	—
1170	Accounts receivable, net	6 (3) (13) and 8	129,338	—	111,253	—	113,987	—
1200	Other receivables	6 (13) and 8	46,180	—	12,566	—	15,778	—
130X	Inventories	6 (4)(5) and 8	45,341,772	82	43,989,380	78	37,430,136	86
1410	Prepayments		178,136	—	204,350	—	205,609	1
1470	Other current assets	6 (6) and 8	4,125,331	7	3,673,409	7	2,157,263	5
11XX	Total current assets		53,542,891	96	53,868,147	96	40,889,529	94
Non-current assets								
1550	Investment accounted for using the equity method	6(7)	72,018	—	68,472	—	69,785	—
1600	Property, plant, and equipment		333,507	1	281,540	—	198,668	—
1755	Right-of-use assets		34,822	—	39,875	—	26,227	—
1760	Investment properties, net	6 (8) and 8	244,494	—	245,501	—	290,750	1
1840	Deferred income tax assets		24,016	—	24,449	—	32,783	—
1900	Other non-current assets	6 (3) (13) and 8	1,922,172	3	1,974,706	4	2,160,354	5
15XX	Total non-current assets		2,631,029	4	2,634,543	4	2,778,567	6
1XXX	Total assets		\$ 56,173,920	100	\$ 56,502,690	100	\$ 43,668,096	100

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Liability and equity		Notes	March 31, 2025		December 31, 2024		March 31, 2024	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term loans	6 (9)	\$ 16,816,707	30	\$ 16,778,327	30	\$ 12,512,470	29
2110	Short-term bills payable	6 (10)	348,850	1	349,706	1	—	—
2130	Contract liabilities—current	6 (19)	6,696,091	12	6,011,865	11	4,323,824	10
2150	Notes payable		13,906	—	17,019	—	15,393	—
2170	Accounts payable	7	1,340,944	2	1,851,572	3	1,418,620	3
2200	Other payables	6 (17) (28) (XXIX)	1,846,344	3	385,317	1	2,310,135	5
2230	Current income tax liabilities		366,230	1	364,132	1	326,195	1
2280	Lease liabilities—current		17,864	—	19,532	—	11,786	—
2320	Long-term liabilities due within one year or one operating cycle	6 (13)	1,435,441	3	1,318,265	1	1,305,182	3
2399	Other current liabilities—others	6 (11)	108,081	—	112,714	—	148,473	—
21XX	Total current liabilities		28,990,458	52	27,208,449	48	22,372,078	51
Non-current liabilities								
2500	Financial liabilities measured at fair value through profit or loss		62,400	—	60,600	—	—	—
2530	Bonds payable	6 (12)	5,418,809	10	5,386,521	10	—	—
2540	Long-term loans	6 (13)	2,566,486	5	2,898,065	5	2,593,421	6
2570	Deferred income tax liabilities		9,467	—	9,420	—	3,783	—
2580	Lease liabilities—non-current		20,861	—	24,050	—	14,759	—
2600	Other non-current liabilities	6 (14)	53,356	—	63,302	—	39,730	—
25XX	Total non-current liabilities		8,131,379	15	8,441,958	15	2,651,693	6
2XXX	Total liabilities		37,121,837	67	35,650,407	63	25,023,771	57
Equity attributable to owners of the parent company								
	Share capital	6 (15)						
3110	Share capital from common stock		3,044,940	5	3,044,940	5	2,768,127	7
	Additional paid-in capital	6 (12) (16)						
3200	Additional paid-in capital		820,040	1	818,985	2	81,896	—
	Retained earnings	6 (17)						
3310	Legal reserves		4,655,875	8	4,655,875	8	4,297,756	10
3350	Unappropriated retained earnings		10,486,563	19	12,288,638	22	11,467,794	26
	Other equity interest	6 (18)						
3400	Other equity interest		36,577	—	35,984	—	13,126	—
3500	Treasury stocks	6 (15)	(850)	—	(850)	—	(850)	—
31XX	Total equity attributable to owners of the parent company		19,043,145	33	20,843,572	37	18,627,849	43
36XX	Non-controlling interests		8,938	—	8,711	—	16,476	—
3XXX	Total equity		19,052,083	33	20,852,283	37	18,644,325	43
	Material commitments or contingencies	9						
3X2X	Total liabilities and equity		\$ 56,173,920	100	\$ 56,502,690	100	\$ 43,668,096	100

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

Chairman: Chung Long-Chang

Manager: Hung Chia-Sheng

Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended March 31, 2025 and 2024

Unit: NT\$ thousands (except for earnings per share in New Taiwan Dollars)

Items	Notes	January 1 to March 31, 2025		January 1 to March 31, 2024	
		Amount	%	Amount	%
4000 Operating revenue	6 (19) and 7	\$ 11,454	100	\$ 7,246	100
5000 Operating costs	6 (20) (21) and 7	(915)	(8)	(1,548)	(21)
5900 Gross profit		10,539	92	5,698	79
Operating expenses	6 (20) (21) and 7				
6100 Selling expenses		(37,773)	(330)	(3,326)	(46)
6200 Administrative expenses		(96,574)	(843)	(77,733)	(1,073)
6000 Total operational expenses		(134,347)	(1,173)	(81,059)	(1,119)
6900 Operating loss		(123,808)	(1,081)	(75,361)	(1,040)
Non-operating income and expenses					
7100 Interest income	6 (22)	25,336	221	15,367	212
7010 Other income	6 (23)	11,437	100	4,328	60
7020 Other gains and losses	6 (24)	(1,743)	(15)	(3,619)	(50)
7050 Financial cost	6 (25)	(38,559)	(337)	(28,507)	(394)
7060 Share of profit (loss) of associates and joint ventures accounted for	6(7)	3,558	31	3,756	52
7000 Total non-operating income and		29	—	(8,675)	(120)
7900 Net loss before tax		(123,779)	(1,081)	(84,036)	(1,160)
7950 Income tax benefit (expense)	6 (26)	(3,539)	(31)	8,287	115
8200 Current net loss		<u>\$ (127,318)</u>	<u>(1,112)</u>	<u>\$ (75,749)</u>	<u>(1,045)</u>
Other comprehensive income (net)					
Other comprehensive income					
Items that may be reclassified to					
8361 Exchange differences on translation of foreign financial statements		927	8	1,854	25
8399 Income tax associated with items that may be reclassified	6 (18) (26)	(148)	(1)	(297)	(4)
8360 Total amount of items that may be reclassified to profit of loss		779	7	1,557	21
8300 Other comprehensive income (net)		<u>\$ 779</u>	<u>7</u>	<u>\$ 1,557</u>	<u>21</u>
8500 Total comprehensive income		<u>\$ (126,539)</u>	<u>(1,105)</u>	<u>\$ (74,192)</u>	<u>(1,024)</u>
Net loss attributable to:					
8610 Owners of parent company		\$ (127,359)	(1,112)	\$ (75,160)	(1,037)
8620 Non-controlling interests		41	—	(589)	(8)
		<u>\$ (127,318)</u>	<u>(1,112)</u>	<u>\$ (75,749)</u>	<u>(1,045)</u>
Total comprehensive income					
8710 Owners of parent company		\$ (126,766)	(1,107)	\$ (73,974)	(1,021)
8720 Non-controlling interests		227	2	(218)	(3)
		<u>\$ (126,539)</u>	<u>(1,105)</u>	<u>\$ (74,192)</u>	<u>(1,024)</u>
Basic loss per share					
9750 Basic loss per share	6 (27)	\$ (0.42)		\$ (0.25)	
Diluted loss per share					
9850 Diluted loss per share	6 (27)	\$ (0.42)		\$ (0.25)	

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

Chairman: Chung Long-Chang

Manager: Hung Chia-Sheng

Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended March 31, 2025 and 2024

Unit: NT\$ thousands

Equity attributable to owners of the parent company													
		Share capital from common stock	Additional paid-in capital				Retained earnings		Exchange differences on translation of foreign financial statements	Treasury stocks	Total	Non-controlling interests	Total equity
Notes			Premium of convertible corporate bonds	Stock Warrants	Treasury stock transaction	Others	Legal reserves	Unappropriated retained earnings					
<u>January 1 to March 31, 2024</u>													
Balance as of January 1		\$2,768,127	\$ 46,100	\$ —	\$ 32,559	\$ 2,068	\$ 4,297,756	\$ 13,619,049	\$ 11,940	\$ (850)	\$ 20,776,749	\$ 18,488	\$ 20,795,237
Consolidated net income		—	—	—	—	—	—	(75,160)	—	—	(75,160)	(589)	(75,749)
Other comprehensive income		6 (18)	—	—	—	—	—	—	1,186	—	1,186	371	1,557
Total comprehensive income		—	—	—	—	—	—	(75,160)	1,186	—	(73,974)	(218)	(74,192)
Appropriation and distribution of retained earnings		6 (17)											
Cash dividends		—	—	—	—	—	—	(2,076,095)	—	—	(2,076,095)	—	(2,076,095)
Cash dividends received by subsidiaries from the parent company		—	—	—	1,308	—	—	—	—	—	1,308	—	1,308
Recognition of changes in subsidiary ownership		—	—	—	—	(139)	—	—	—	—	(139)	—	(139)
Changes in non-controlling interests		—	—	—	—	—	—	—	—	—	—	(1,794)	(1,794)
Balance as of March 31		\$2,768,127	\$ 46,100	\$ —	\$ 33,867	\$ 1,929	\$ 4,297,756	\$ 11,467,794	\$ 13,126	\$ (850)	\$ 18,627,849	\$ 16,476	\$ 18,644,325
<u>January 1 to March 31, 2025</u>													
Balance as of January 1		\$3,044,940	\$ 46,100	\$ 737,089	\$ 33,867	\$ 1,929	\$ 4,655,875	\$ 12,288,638	\$ 35,984	\$ (850)	\$ 20,843,572	\$ 8,711	\$ 20,852,283
Consolidated net income		—	—	—	—	—	—	(127,359)	—	—	(127,359)	41	(127,318)
Other comprehensive income		6 (18)	—	—	—	—	—	—	593	—	593	186	779
Total comprehensive income		—	—	—	—	—	—	(127,359)	593	—	(126,766)	227	(126,539)
Appropriation and distribution of retained earnings		6 (17)											
Cash dividends		—	—	—	—	—	—	(1,674,716)	—	—	(1,674,716)	—	(1,674,716)
Cash dividends received by subsidiaries from the parent company		—	—	—	1,055	—	—	—	—	—	1,055	—	1,055
Balance as of March 31		\$3,044,940	\$ 46,100	\$ 737,089	\$ 34,922	\$ 1,929	\$ 4,655,875	\$ 10,486,563	\$ 36,577	\$ (850)	\$ 19,043,145	\$ 8,938	\$ 19,052,083

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

Chairman: Chung Long-Chang

Manager: Hung Chia-Sheng

Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flows

For the years ended March 31, 2025 and 2024

Unit: NT\$ thousands

	Notes	January 1 to March 31, 2025	January 1 to March 31, 2024
<u>Cash flow from operating activities</u>			
Current net loss before tax		\$ (123,779)	\$ (84,036)
Adjusted items			
Income and expense items			
Share of profit (loss) of associates and joint ventures accounted for using the equity method	6(7)	(3,558)	(3,756)
Amortization	6 (20)	718	508
Depreciation expenses	6 (20)	11,234	6,122
Interest expense	6 (25)	38,559	28,507
Interest income	6 (22)	(25,336)	(15,367)
Loss (gain) on disposal of property, plant, and equipment	6 (24)	2	—
Loss (gain) on disposal of investment properties	6 (24)	—	3,700
Losses on financial liabilities measured at fair value through profit or loss	6 (24)	1,800	—
Changes in assets and liabilities relating to operating activities			
Net change in assets relating to operating activities			
Financial assets measured at fair value through profit or loss		672	10,032
Notes and accounts receivable, net		(25,310)	(21,236)
Other receivables		(33,614)	(4,781)
Inventories		(1,234,067)	(871,122)
Prepayments		26,214	(96,514)
Restricted deposits		99,690	215,952
Other current assets		(108,329)	(65,753)
Deferred income tax assets		433	(8,554)
Long-term installment accounts receivable		54,288	87,846
Net change in liabilities relating to operating activities			
Notes payable		(3,113)	(10,524)
Accounts payable		(510,628)	(254,870)
Other payables		(213,690)	(283,087)
Contract liabilities		684,226	598,744
Advance receipts		891	(6,709)
Other current liabilities		(5,526)	(30,189)
Other non-current liabilities		(3,946)	(1,646)
Changes in deferred income tax liabilities		47	271
Cash inflow generated from operations		(1,372,122)	(806,462)
Interest received	6 (22)	25,336	15,367
Interest paid		(125,451)	(87,523)
Income tax paid		(1,108)	(1,144)
Cash outflow from operating activities, net		(1,473,345)	(879,762)
<u>Cash flow from investment activities</u>			
Proceeds from acquisition of property, plant, and equipment		(57,159)	(874)
Disposal of investment properties		—	4,124
Decrease in other non-current assets		666	389
Increase in refundable deposits		(449,634)	(15,418)
Decrease in refundable deposits		921	95,053
Cash outflow from investment activities, net		(505,206)	83,274
<u>Cash flow from financing activities</u>			
Borrowing of short-term loans	6 (28)	1,338,380	2,700,000
Short-term loans repaid	6 (28)	(1,300,000)	(2,300,000)
Increase in short-term bills payable	6 (28)	700,000	—
Decrease in short-term bills payable	6 (28)	(700,000)	—
Long-term loans borrowed	6 (28)	6,200	14,637
Long-term loans repaid	6 (28)	(220,603)	(247,570)
Redemption of lease principal	6 (28)	(4,857)	(2,443)
Increase in guarantee deposits received	6 (28)	200	200
Decrease in guarantee deposits received	6 (28)	(6,200)	(25,160)
Changes in non-controlling interests		—	(1,794)
Cash inflow (outflow) from financing activities, net		(186,880)	137,870
Impacts on cash and cash equivalents from changes in exchange rates		1,532	10,424
Decrease in cash and cash equivalents for the year		(2,163,899)	(648,194)
Cash and cash equivalents at the beginning of the year		3,754,611	1,513,506
Cash and cash equivalents at the end of the period		\$ 1,590,712	\$ 865,312

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

Chairman: Chung Long-Chang

Manager: Hung Chia-Sheng

Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd. and Subsidiaries
Notes for Consolidated Financial Statements
Q1 of 2025 and 2024

Unit: NT\$ thousands
(Unless specified otherwise)

I. Company History

Huaku Development Co., Ltd. (“the Company”) was established in April 1989. It is engaged mainly in the subcontract construction, leasing, and sales of public housings, commercial buildings, and general-purpose plants and warehouses. The common shares of the Company have been listed on the Taiwan Stock Exchange since August 26, 2002.

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved and issued on May 7, 2025 by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Effects of the adoption of new and amended IFRSs endorsed and issued into effect by the Financial Supervisory Commission (“FSC”)

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed and issued into effect by the FSC that are applicable in 2025:

<u>New standards, interpretations and amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 21 “Lack of Exchangeability”	January 1, 2025

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

(II) Effect of the new issuance of or amendments to IFRSs as endorsed by the FSC but not yet adopted

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2024:

New standards, interpretations and amendments	Effective date by International Accounting Standards Board
Amendments to certain provisions of IFRS 9 and IFRS 7, “Classification and Measurement of Financial Instruments”	January 1, 2026

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

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

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

New standards, interpretations and amendments	Effective date by International
Amendments to certain provisions of IFRS 9 and IFRS 7, “Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7: “Contracts Involving Natural Power.”	January 1, 2026
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 International Accounting Standards Board
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

Apart from the described below, the Group has assessed the above criteria and interpretations and concluded that they do not have a significant impact on the financial condition and performance of the Group:

1. Amendments to certain provisions of IFRS 9 and IFRS 7, “Classification and Measurement of Financial Instruments”

The FSC has approved certain aspects of the proposed amendments. The content that has not yet been approved is explained as follows:

- (1) To clarify the recognition and derecognition dates of certain financial assets and liabilities, an addition has been made to allow an entity to consider a financial liability (or a portion thereof) as extinguished prior to the settlement

date when settled through an electronic payment system using cash, provided that all of the following conditions are met upon the initiation of the payment instruction by the entity:

- A. The entity no longer has the ability to revoke, stop, or cancel the payment instruction;
- B. The entity no longer has the practical ability to access the cash intended for settlement as a result of the payment instruction;
- C. The settlement risk associated with the electronic payment system is not significant.

(2) The disclosure requirements for equity instruments designated as measured at fair value through other comprehensive income (FVOCI) through an irrevocable election have been updated. Entities are now required to disclose the fair value by category of such instruments, rather than providing fair value information for each individual instrument. In addition, entities shall disclose the amount of fair value gains or losses recognized in other comprehensive income during the reporting period, separately presenting: the fair value gains or losses related to investments that were derecognized during the reporting period, and the fair value gains or losses related to investments still held at the end of the reporting period. Entities must also disclose the cumulative gains or losses that were reclassified from other comprehensive income to equity as a result of investment derecognition during the reporting period.

2. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” replaces IAS 1 and updates the structure of the comprehensive income statement, introduces new disclosures for management performance measures, as well as strengthens the principles of aggregation and disaggregation applied to the primary financial statements and notes.

3. IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

This Standard permits eligible subsidiaries to apply the IFRS Accounting Standard with reduced disclosure requirements.

IV. Significant Accounting Policies and Summary Statements

Significant accounting policies, except for the Statement of Compliance, Preparation Basis, Basis of Consolidation, and the following new additions, remain the same as Note 4 to the 2024

consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Statement of Compliance

1. The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Accounting Standards (IAS) 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC.
2. This consolidated financial report should be read in conjunction with the 2024 consolidated financial report.

(II) Preparation Basis

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets measured at fair value through profit or loss.
 - (2) Defined benefit liability derived from retirement plan assets less the present value of net defined benefit obligation.
2. Critical accounting estimates are required when preparing financial statements in compliance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations (collectively referred to as “IFRSs” hereinafter). For the items involving a high degree of judgment or complexity, or the items involving significant assumptions and estimates in the consolidated financial statements, please refer to Note 5 for details.

(III) Basis of Consolidation

1. Basis for preparation of consolidated financial statements

The basis of preparation for this consolidated financial report is the same as that of the 2024 consolidated financial report.

2. Subsidiaries included in the consolidated financial statements:

Investor company	Name of subsidiaries	Business activities	Percentage owned by the Company			Details
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Pin Shing Construction Co., Ltd.	Civil engineering and hydraulic engineering contractors	100	100	100	

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Investor company	Name of subsidiaries	Business activities	Percentage owned by the Company			Details
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	80	80	80	
The Company	Chengdu Huaku Real Estate Co., Ltd.	Property development	—	—	80	Note 2

Note 1: Except for the financial statements of the aforementioned subsidiary Pin Shing Construction Co., Ltd., which have been reviewed by an accountant, the remaining subsidiaries do not meet the definition of significant subsidiaries. Therefore, their financial statements for the periods from January 1 to March 31, 2025 and 2024, have not been reviewed by an accountant.

Note 2: The Groups sold all of its equity in Chengdu Huaku Real Estate Co., Ltd. to non-related parties in Q2 2024.

3. Subsidiaries that are not included into the consolidated financial statements: None.
4. Adjustments and treatment methods for different accounting periods of subsidiaries: None.
5. Significant limitation: None.
6. Information about subsidiaries of non-controlling interest that are material to the Group: None.

(IV) Pensions

Pension cost for the interim period is calculated based on the pension cost rate determined by actuarial valuation at the end of the previous financial year, using the period from the beginning of the year to the end of the current period as the basis. If there are significant market changes, substantial reductions, settlements, or other significant one-time events after the end date, adjustments will be made and relevant information will be disclosed in accordance with the aforementioned policy.

(V) Income Tax

The income tax expense for the interim period is calculated using the estimated annual effective tax rate applied to the pre-tax income of the interim period, in accordance with the aforementioned policy disclosure of relevant information.

V. Primary Sources of Uncertainties in Significant Accounting Judgments, Estimates, and Assumptions

When preparing the consolidated financial statements, the management of the Group had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any significant accounting estimates and assumptions made and actual results, the historical experience, and other factors will be taken into account in order to continue assessment and adjustment. The Group does not have an important judgment on the adoption of accounting policies, and significant accounting estimates and assumptions, which are at risk of significant changes in the carrying amount of assets and carrying amount of liabilities in the next financial year.

VI. Descriptions of Material Accounting Items

(I) Cash and cash equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash on hand and revolving fund	\$ 345	\$ 315	\$ 265
Checking deposits and demand deposits	1,590,367	1,774,814	655,547
Cash equivalents			
– Time Deposit	—	1,700,000	—
– Bonds with repurchase agreement	—	279,482	209,500
	<u>\$ 1,590,712</u>	<u>\$ 3,754,611</u>	<u>\$ 865,312</u>

1. The Group deals with financial institutions having high credit quality. The Group also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is rather low.
2. The Group's restricted use of the pre-sale construction project trust fund and others has been listed under "Other current assets". Please refer to Notes 6 (6) and 8 for details.

(II) Financial asset measured at fair value through profit and loss—current

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Financial assets mandatorily measured at fair value through profit or loss			
– Financial products	<u>\$ 12,713</u>	<u>\$ 13,385</u>	<u>\$ 22,238</u>

The Group's financial assets measured at fair value through profit and loss were recognized as gains and losses in the amount of \$60 and \$158 in the periods between January 1 and March 31 of 2025 and 2024, respectively.

(III) Notes and accounts receivable

	March 31, 2025	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 118,709	\$ —	\$ —
Accounts receivable			
Within 1 year	129,338	112,374	112,374
Over 1 year (Note)	1,841,486	1,841,486	1,841,486
	<u>\$ 2,089,533</u>	<u>\$ 1,953,860</u>	<u>\$ 1,953,860</u>
	December 31, 2024	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 109,193	\$ —	\$ —
Accounts receivable			
Within 1 year	111,253	109,717	109,717
Over 1 year (Note)	1,898,065	1,898,065	1,898,065
	<u>\$ 2,118,511</u>	<u>\$ 2,007,782</u>	<u>\$ 2,007,782</u>
	March 31, 2024	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 79,206	\$ —	\$ —
Accounts receivable			
Within 1 year	113,987	108,422	108,422
Over 1 year (Note)	2,067,194	2,055,421	2,055,421
	<u>\$ 2,260,387</u>	<u>\$ 2,163,843</u>	<u>\$ 2,163,843</u>

Note: The Group's long-term installment accounts receivables over one year are listed under the item "Other non-current assets".

1. The Group signed a credit agreement with Mega International Commercial Bank secured with the installment accounts receivables arising from the partial sale of "Huaku New World" in installments as collateral. Please refer to Notes 6 (13) and 8 for details. The Group's information on secured loans with accounts receivable as collateral is as above.

2. The balances of receivables (including notes receivables) contracted by the Group and clients as of March 31, 2025, December 31, 2024, March 31, 2024 and January 1, 2024 were \$1,952,433, \$1,980,571, \$2,121,846 and \$2,193,817, respectively.
3. Interest income recognized by the Group in profit or loss in the period between January 1 and March 31, 2025 and 2024, was \$14,037 and \$15,011, respectively.
4. The above notes and accounts receivable are non-overdue notes and accounts.
5. Without considering the collateral or other credit enhancements held, the exposure amount that best represents the maximum credit risk of the Group's notes and accounts receivable as of March 31, 2025 and 2024 is the carrying amount of notes and accounts receivable and long-term installment accounts receivable in each period.
6. For credit risk of accounts receivable and notes receivable, please refer to Note 12 (2).

(IV) Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Buildings and land held for sale</u>			
Huaku National Landmark	\$ 628,550	628,550	732,703
Huaku Central Landmark	414,883	414,883	—
Sand River Bay	121,247	118,728	120,611
Huaku Fine Art	—	—	14,022
	<u>1,164,680</u>	<u>1,162,161</u>	<u>867,336</u>
Less: Allowance for valuation loss	(77,664)	(76,051)	(64,466)
	<u>1,087,016</u>	<u>1,086,110</u>	<u>802,870</u>
<u>Construction in progress</u>			
Huaku Asia One	\$ 6,551,523	\$ 6,308,144	\$ 5,352,215
Upper Mansion	4,227,848	4,119,237	3,795,758
Huaku Fortune One	3,975,041	3,678,349	3,305,415
Huaku Casa Blanca	3,646,652	3,535,816	2,934,473
Huaku Moon Light	2,448,408	2,366,585	1,959,425
Huaku Da'an Tower	1,904,314	1,781,581	1,306,106
Huaku Sky Tower	1,768,389	1,705,510	1,445,590
Huaku Mout River (formerly Renyi Street No. 57 Project)	1,634,887	1,573,732	—
Huaku Flourish Mansion (formerly Taichung Fengle Road Project)	1,435,479	1,413,866	—
Ultimate Luxury (formerly Xinyi Guangfu Urban Renewal Project)	1,220,693	1,186,275	—
Huaku Chih Hsing (formerly Renyi Street No. 89 Project)	1,002,082	993,769	—
Huaku Central Landmark	—	—	2,718,566
Huaku Greenside Mansion	—	—	1,737,279
	<u>29,815,316</u>	<u>28,662,864</u>	<u>24,554,827</u>

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	March 31, 2025	December 31, 2024	March 31, 2024
<u>Land held for construction</u>			
Huaku Vision Park (formerly the Jang Dah Beitou Project)	4,249,939	4,167,357	2,994,615
Guangpu Hsinchu Project, Second Phase	2,098,282	2,098,282	2,098,259
Wenlin North Road Project III	1,885,116	1,863,571	—
Taichung Jingmao 5th Road Project	1,672,152	1,672,184	1,339,039
Taichung Fengle Road Project II	1,490,907	—	—
Huaku Four Seasons (formerly Taichung Chongde 10th Road Project)	1,368,652	1,353,223	—
Jang Dah Xindian Project	695,590	693,283	665,811
Fuxing South Road Urban Renewal Project	241,061	241,061	241,061
Dunnan Project	198,834	198,834	198,834
Huaku Yu Cheng	14,355	—	—
Huaku Mout River (formerly Renyi Street No. 57 Project)	—	—	1,283,549
Huaku Flourish Mansion (formerly Taichung Fengle Road Project)	—	—	1,057,340
Ultimate Luxury (formerly Xinyi Guangfu Urban Renewal Project)	—	—	980,484
Huaku Chih Hsing (formerly Renyi Street No. 89 Project)	—	—	831,364
Others	517,305	510,331	361,821
	<u>14,432,193</u>	<u>12,798,126</u>	<u>12,052,177</u>
<u>Land prepayments and others</u>			
Taichung Fengle Road Project II	—	1,426,248	—
Land and road usage volume	<u>23,956</u>	<u>32,741</u>	<u>33,569</u>
	23,956	1,458,989	33,569
Less: Allowance for valuation loss	<u>(16,709)</u>	<u>(16,709)</u>	<u>(13,307)</u>
	<u>7,247</u>	<u>1,442,280</u>	<u>20,262</u>
	<u>\$ 45,341,772</u>	<u>\$ 43,989,380</u>	<u>\$ 37,430,136</u>

1. Huaku New World

- (1) During 2013, the Company acquired the land rights and paid royalties of \$1.388 billion under the “Cooperative Development Contract for State-owned Land in and around the Training Center for Financial Officers of the Ministry of Finance” with the National Property Administration, MOF, with a lease term of 70 years. This project recognized revenue when transferring land and house use rights to customers.
- (2) Some units following the Company’s policy of leasing are transferred to the “Investment Property” item along with the land use rights after completion of registration.
- (3) Please refer to 6 (13) for details of the information on the property of this project provided as a guarantee.

2. The cost of inventories recognized as an expense for the periods between January 1 and March 31, 2025 and 2024, was \$0 and \$453, respectively, which included the cost of goods sold \$1,613 and \$933, respectively, recognized from cost adjustments to net realizable value. In Q1 2024, the net realizable value of inventories rebounded due to the sale of a portion of the inventories with a net realizable value lower than the cost.
3. The amount of interest capitalized in the Group's inventories for the periods between January 1 and March 31, 2025 and 2024, is \$118,324 and \$59,016, respectively, and the net interest rate margin range within the capitalized interest is 2.04%~2.16% and 2.05%~2.13%, respectively.
4. In the cases of "Huaku National Landmark" and "Huaku Central Landmark" developed and constructed by the Group, agreements were signed with the Economic Development Department of the New Taipei City Government, which stipulates that the transfer of the property rights of certain floors will be processed five years from the date of obtaining the license to use these floors.
5. Please refer to Note 8 for details of the pledge of inventories by the Group.

(V) Joint Operations

1. Certain development projects of the Group are conducted through joint operations. The Group recognizes its direct interest (and its proportionate share) in the assets, liabilities, revenues, and expenses of the joint operations, which are included in the relevant items of the consolidated financial statements.
2. The information on the joint operation development projects held by the Group is as follows:

Project Name	Proportion of Shareholding	Landowner or Co-developer	Location
Ultimate Luxury	50%	PUJEN Land Development	Da'an District, Taipei City

3. The information on the joint operation development projects held by the Group is as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Balance sheet</u>			
Current assets			
Accounts Receivables and Notes Receivables	\$ 30,091	712	\$ 402
Inventories	1,220,693	1,130,897	980,484
Other current assets	305,683	159,449	109,806
	<u>1,556,467</u>	<u>1,291,058</u>	<u>1,090,692</u>
Non-current assets	55,970	1,089	30
Total assets	<u>\$ 1,612,437</u>	<u>\$ 1,292,147</u>	<u>\$ 1,090,722</u>

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	March 31, 2025	December 31, 2024	March 31, 2024
Current liabilities			
Accounts Payables and Notes Payables	44,606	26,105	5,221
Contract liabilities	309,774	167,154	—
Other current liabilities	28,448	12,969	2,480
Total liabilities	<u>\$ 382,828</u>	<u>\$ 206,228</u>	<u>\$ 7,701</u>
<u>Statement of Comprehensive Income</u>			
Revenue	<u>\$ 1,405</u>	<u>\$ 1,702</u>	<u>\$ 69</u>
Cost	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Expense	<u>\$ 4,797</u>	<u>\$ 16,200</u>	<u>\$ 1</u>

(VI) Other current assets

	March 31, 2025	December 31, 2024	March 31, 2024
Restricted bank deposits	<u>\$ 2,574,706</u>	<u>\$ 2,674,396</u>	<u>\$ 1,496,380</u>
Construction refundable deposits	783,870	339,870	333,080
Incremental costs for obtaining contracts	580,086	525,701	257,770
Other current assets	186,669	133,442	70,033
	<u>\$ 4,125,331</u>	<u>\$ 3,673,409</u>	<u>\$ 2,157,263</u>

The restricted bank deposits are the Group's pre-sale construction project trust fund; please refer to Notes 8 and 9 for details.

(VII) Investment accounted for using the equity method

	March 31, 2025	Shareholding percentage	December 31, 2024	Shareholding percentage	March 31, 2024	Shareholdin g percentage
Associates:						
Taiwan Digit Automated Control Co., Ltd.	\$33,793	40.00	\$ 31,611	40.00	\$ 33,792	40.00
Full Come Foundation Engineering Co., Ltd.	33,099	38.05	31,710	38.05	30,579	38.05
Joint ventures:						
Huapu Construction Co., Ltd.	5,126	50.00	5,151	50.00	5,414	50.00
	<u>\$72,018</u>		<u>\$ 68,472</u>		<u>\$ 69,785</u>	

1. For the basic information of the Group's associates and joint ventures, please refer to Note 13 (2) for details.
2. For the carrying amounts of the Group's non-significant associates and joint ventures as of March 31, 2025, December 31, 2024, and March 31, 2024, please refer to the table above; the operating results are as follows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Net income from continuing operations	\$ 3,558	\$ 3,756
Other comprehensive income	—	—
Total comprehensive income	\$ 3,558	\$ 3,756

3. There are no public quotations for the investment targets of the Group. For the periods between January 1 and March 31, 2025 and 2024, the share of profits and losses of associates recognized under the equity method was evaluated and disclosed on the basis of the unaudited financial statements of each such investee for the same period.

(VIII) Investment property

	2025		
	Land	House and land use rights	Total
January 1	\$ 4,360	\$ 241,141	\$ 245,501
Depreciation expenses	—	(1,041)	(1,041)
Net exchange differences	—	34	34
March 31	\$ 4,360	\$ 240,134	\$ 244,494

	2024		
	Land	House and land use rights	Total
January 1	\$ 4,360	\$ 294,805	\$ 299,165
Disposal	—	(7,825)	(7,825)
Depreciation expenses	—	(1,468)	(1,468)
Net exchange differences	—	878	878
March 31	\$ 4,360	\$ 286,390	\$ 290,750

1. Investment properties are for the use of lessees. The lease term of the leased real estate lasts until 2032. The rental income and direct operating expenses of the investment properties are as follows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Rental revenue from investment property	\$ 2,743	\$ 2,882
Direct operating expenses incurred by investment property generating rental revenue in the current period	\$ 2,119	\$ 1,468

2. The fair values of investment properties held by the Group as of March 31, 2025, December 31, 2024, and March 31, 2024, were \$602,010, \$612,822 and \$668,807, respectively, which were classified as Level 2 fair values by reference to recent transaction prices of the construction of each investment property or the recent transaction prices of similar targets in the region.
3. The maturity analysis of the lease payments for the investment properties leased out by the Group under operating leases is as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Within 1 year	\$ 10,931	\$ 10,916	\$ 11,710
2 to 5 years	29,607	31,301	36,623
Over 5 years	3,611	4,627	8,040
	<u>\$ 44,149</u>	<u>\$ 46,844</u>	<u>\$ 56,373</u>

4. For information on guarantees provided by the Group for investment property, please refer to Note 8 for details.

(IX) Short-term loans

Loan type	March 31, 2025	Interest rate range	Collateral
<u>Bank loans</u>			
Secured bank loans	\$ 15,440,707	1.98%~2.85%	Inventories— buildings and land
Credit loans	1,376,000	1.87%~2.19%	None
	<u>\$ 16,816,707</u>		

Loan type	December 31, 2024	Interest rate range	Collateral
<u>Bank loans</u>			
Secured bank loans	\$ 15,402,327	1.96%~2.85%	Inventories— buildings and land
Credit loans	1,376,000	1.87%~2.19%	None
	<u>\$ 16,778,327</u>		

Loan type	March 31, 2024	Interest rate range	Collateral
<u>Bank loans</u>			
Secured bank loans	\$ 10,762,470	1.96%~2.68%	Inventories— buildings and land
Credit loans	1,750,000	1.75%~1.93%	None
	<u>\$ 12,512,470</u>		

(X) Short-term bills payable (no such transactions as of March 31, 2024)

Loan type	March 31, 2025	December 31, 2024
Short-term bills payable	\$ 350,000	\$ 350,000
Less: Discount on short-term bills payable	(1,150)	(294)
Net	\$ 348,850	\$ 349,706
Interest rate range	2.23%~2.36%	2.22%~2.36%

(XI) Other current liabilities—others

	March 31, 2025	December 31, 2024	March 31, 2024
Warranty provisions	\$ 66,178	\$ 69,365	\$ 90,341
Payment collection	6,139	9,457	22,180
Others	35,764	33,892	35,952
	<u>\$ 108,081</u>	<u>\$ 112,714</u>	<u>\$ 148,473</u>

(XII) Corporate bonds payable (no such transactions as of March 31, 2024)

Loan type	March 31, 2025	December 31, 2024
Bonds payable	\$ 6,000,000	\$ 6,000,000
Less: Discount on bonds payable	(581,191)	(613,479)
Net	<u>\$ 5,418,809</u>	<u>\$ 5,386,521</u>

1. Domestic third unsecured convertible bonds

(1) The terms of the Company's issuance of the third domestic unsecured convertible bonds on October 2, 2024 are as follows:

- A. The total issuance amount is NT\$4 billion, issued at 101% of the face value, with a coupon rate of 0%. The term of the issuance is 5 years, and the circulation period is from October 2, 2024 to October 2, 2029.
- B. From the day following the expiration of three months after the issuance of this convertible corporate bond (January 3, 2025), until the maturity date (October 2, 2029), the bondholders may request to convert their bonds into common stock of the Company at any time, except during periods when transfer is required to be suspended in accordance with regulations or laws. The rights and obligations of the common stock after conversion shall be the same as those of the common stock already issued.
- C. The conversion price of these convertible bonds is determined based on the reference date of September 24, 2024. The base price is selected as the simple arithmetic average of the closing prices of the Company's common shares on the trading days immediately preceding the reference date (not including the reference date) for one, three, or five business days, whichever is chosen. The conversion price is then calculated by multiplying the base price by a conversion premium rate of 103.24%. This will be the conversion price for the convertible bonds. If the reference date is preceded by a stock split or dividend distribution, the closing price used to calculate the conversion price shall be adjusted to reflect the ex-rights or ex-dividend price. If, after the conversion price

has been determined and before the actual issuance date, there is a stock split or dividend distribution, the conversion price will be adjusted in accordance with the adjustment formula specified in the conversion terms. In accordance with the aforementioned method, the conversion price of the convertible bonds at the time of issuance is NT\$138 per share.

- D. The convertible bonds may be redeemed early at the discretion of the Company starting from the day following the third month of issuance (January 3, 2025), and continuing until the fortieth day prior to the maturity date (August 23, 2029). If, during this period, the closing price of the Company's common stock exceeds the conversion price by 30% or more for 30 consecutive trading days, or if the outstanding balance of the convertible bonds is less than 10% of the original total issuance amount, the Company has the right to exercise its early redemption option and redeem all outstanding convertible bonds at face value in cash.
- E. The Company shall set the third anniversary of the issuance date of the convertible bonds (October 2, 2027) as the redemption reference date for the convertible bondholders to sell back the convertible bonds. Convertible bondholders have the right to exercise the put option, requesting the Company to redeem the convertible bonds held by them in cash at face value.

- (2) Upon the issuance of the convertible bonds, the Company, in accordance with IAS No. 32 "Financial Instruments: Presentation," separated the equity component of the conversion option from the liability components. The equity component was recorded under "Additional Paid-in Capital – Warrants" amounting to \$442,035.

2. Domestic fourth unsecured convertible bonds

- (1) The terms of the Company's issuance of the fourth domestic unsecured convertible bonds on October 18, 2024 are as follows:
 - A. The total issuance amount is NT\$2 billion. The convertible bonds were publicly offered through a competitive auction method, with the actual issuance price set at 104.83% of the face value. The actual issuance amount was NT\$2,096,689,000, with a coupon rate of 0%. The term of the issuance is 5 years, and the circulation period is from October 18, 2024 to October 18, 2029.

- B. From the day following the expiration of three months after the issuance of this convertible corporate bond (January 19, 2025), until the maturity date (October 2, 2029), the bondholders may request to convert their bonds into common stock of the Company at any time, except during periods when transfer is required to be suspended in accordance with regulations or laws. The rights and obligations of the common stock after conversion shall be the same as those of the common stock already issued.
- C. The conversion price of these convertible bonds is determined based on the reference date of September 24, 2024. The base price is selected as the simple arithmetic average of the closing prices of the Company's common shares on the trading days immediately preceding the reference date (not including the reference date) for one, three, or five business days, whichever is chosen. The conversion price is then calculated by multiplying the base price by a conversion premium rate of 102%. This will be the conversion price for the convertible bonds. If the reference date is preceded by a stock split or dividend distribution, the closing price used to calculate the conversion price shall be adjusted to reflect the ex-rights or ex-dividend price. If, after the conversion price has been determined and before the actual issuance date, there is a stock split or dividend distribution, the conversion price will be adjusted in accordance with the adjustment formula specified in the conversion terms. In accordance with the aforementioned method, the conversion price of the convertible bonds at the time of issuance is NT\$136.3 per share.
- D. The convertible bonds may be redeemed early at the discretion of the Company starting from the day following the third month of issuance (January 19, 2025), and continuing until the fortieth day prior to the maturity date (August 23, 2029). If, during this period, the closing price of the Company's common stock exceeds the conversion price by 30% or more for 30 consecutive trading days, or if the outstanding balance of the convertible bonds is less than 10% of the original total issuance amount, the Company has the right to exercise its early redemption option and redeem all outstanding convertible bonds at face value in cash.
- E. The Company shall set the third anniversary of the issuance date of the convertible bonds (October 18, 2027) as the redemption reference date for the convertible bondholders to sell back the convertible bonds. Convertible bondholders have the right to exercise the put option,

requesting the Company to redeem the convertible bonds held by them in cash at face value.

- (2) Upon the issuance of the convertible bonds, the Company, in accordance with IAS No. 32 “Financial Instruments: Presentation,” separated the equity component of the conversion option from the liability components. The equity component was recorded under “Additional Paid-in Capital – Warrants” amounting to \$295,054.

(XIII) Long-term loans

Loan type	Loan period and repayment method	Interest rate range	Collateral	March 31, 2025
<u>Long-term bank loans</u>				
Credit loans	From June 2023 to June 2025; the interest is paid on a monthly basis	1.97%~2.10%	None	\$ 538,000
"	From July 2024 to July 2026; the interest is paid on a monthly basis	"	"	1,000,000
"	From July 2024 to July 2026; the interest is paid on a monthly basis	"	"	500,000
Loans secured by accounts receivable	From June 2017 to September 2039; the loan and the accrued interest is repaid on a monthly basis	2.82%	Read Note for details	1,963,927
				4,001,927
Less: Long-term loans due within one year or one operating cycle				(1,435,441)
				<u>\$ 2,566,486</u>

Loan type	Loan period and repayment method	Interest rate range	Collateral	December 31, 2024
<u>Long-term bank loans</u>				
Credit loans	From June 2023 to June 2025; the interest is paid on a monthly basis	1.93%~2.10%	None	\$ 699,400
"	From July 2024 to July 2026; the interest is paid on a monthly basis	"	"	1,000,000

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Loan type	Loan period and repayment method	Interest rate range	Collateral	March 31, 2025
"	From July 2024 to July 2026; the interest is paid on a monthly basis	"	"	500,000
Loans secured by accounts receivable	From June 2017 to September 2039; the loan and the accrued interest is repaid on a monthly basis	2.69%~2.82%	Read Note for details	2,016,930
				4,216,330
Less: Long-term loans due within one year or one operating cycle				(1,318,265)
				<u>\$ 2,898,065</u>

Loan type	Loan period and repayment method	Interest rate range	Collateral	March 31, 2024
<u>Long-term bank loans</u>				
Credit loans	From June 2023 to June 2025; the interest is paid on a monthly basis	1.91%~1.93%	None	\$ 1,076,000
"	From July 2022 to July 2024; the interest is paid on a monthly basis	"	"	650,000
Loans secured by accounts receivable	From June 2017 to September 2039; the loan and the accrued interest is repaid on a monthly basis	2.69%	Read Note for details	2,172,603
				3,898,603
Less: Long-term loans due within one year or one operating cycle				(1,305,182)
				<u>\$ 2,593,421</u>

The Group's unused balance of loan limit as of March 31, 2025, December 31, 2024, and March 31, 2024, were \$6,907,520, \$6,825,570 and \$10,366,396, respectively.

Accounts receivable/Loans secured by other receivables

The Company signed the secured loans agreement to use Accounts Receivable as collateral with the Mega International Commercial Bank. The Company utilized the Installment Accounts Receivable from the Company's sale of Huaku New World Project, the rights of the building site, and the construction and its subsidiaries as collateral to obtain a loan amount of NT\$6 billion originally, and the loan limit was adjusted to NT\$4 billion on May 9, 2022, and further adjusted to NT\$3.5 billion on July

11, 2024, with loan term of 20 years. Please refer to Note 6 (3) for details. The main terms of the agreement are as follows:

1. The loan period of each account receivable shall not exceed 20 years from the date when the funds are used.
2. The used amount mentioned above shall be circulated from the date of first use to the date of expiration of five years, and the unspent balance of loans shall be automatically canceled at that time.
3. During the duration of the secured loans using account receivable as collateral, the Group shall maintain all the following financial ratios on the basis of the consolidated annual financial statements audited by the accountant, which shall be checked once a year:
 - (1) Current ratio: not less than 100%.
 - (2) Debt ratio (total liabilities/tangible net worth): not greater than 230%.

(XIV) Pensions

1. In compliance with the requirements set forth in the Labor Standards Act, the Company and its domestic subsidiaries have stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Act), the implementation of the Labor Pension Act on July 1, 2005. Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last six months prior to retirement. Two bases are given for each full year of service over the first 15 years, and one base is given for an additional year of service thereafter, provided that the total bases do not exceed 45. The Company contributes on a monthly basis 2% of the total salary (wages) as the pension fund, which is deposited in a designated account of the Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Fund. Prior to the end of each annual period, the Company assesses the balance of the aforementioned designated account for the labor pension fund. If the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

- (1) For the periods between January 1 and March 31, 2025 and 2024, the net pension costs recognized under the defined contribution plan aforementioned were \$558 and \$171, respectively.
 - (2) The Group expects to make a contribution of \$483 to the pension plans for the year ended December 31, 2025.
2. Starting from July 1, 2005, the Company and subsidiaries have set up a defined contribution plan for all employees with R.O.C. citizenship in accordance with the Labor Pension Act. For part of employees of the Company and its domestic subsidiaries who choose to apply the labor pension system as defined in the Labor Pension Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. The benefits accrued are paid monthly or in a lump sum upon termination of employment.
 - (1) According to the elderly insurance system stipulated by the Government of the People's Republic of China, the Group contributes pensions monthly at a fixed rate of the total salaries of the employees of the Group's subsidiaries in mainland China. For the periods between January 1 and March 31, 2025 and 2024, the contribution ratio was both 20%. The pension for each employee is managed by the government, hence the Group does not have further obligations except for making a monthly contribution.
 - (2) For the periods between January 1 and March 31, 2025 and 2024, the net pension costs recognized under the defined contribution plan aforementioned were \$2,075 and \$1,552, respectively.

(XV) Share capital

1. As of March 31, 2025, the Company's authorized capital was \$5,000,000, and the paid-in capital was \$3,044,940 with a par value of NT\$10 per share. Share payments for the Company's issued stocks have been collected in full. The number of outstanding shares of the Company at the beginning and the end of the period is 304,493,998 shares.
2. Treasury stock
 - (1) The Company had no treasury stock transactions for the periods between January 1 and March 31, 2025 and 2024.
 - (2) As of March 31, 2025, December 31, 2024, and March 31, 2024, the Company's subsidiary Pin Shing Construction Co., Ltd., held the Company's shares for the purpose of investment profit; the details are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Number of shares (thousand shares)	192	192	174
Carrying amounts	\$ 850	\$ 850	\$ 850

(XVI) Additional paid-in capital

According to the Company Act, additional paid-in capital including the income derived from issuing shares at a premium and from endowments, in addition to being used to cover deficit, where there is no accumulated deficit in a company, shall be distributed by issuing new shares to shareholders in proportion to the number of shares being held or by cash. In addition, according to relevant provisions of the Securities and Exchange Act, when allocating capital from the aforementioned additional paid-in capital, the combined capitalized amount each year shall not exceed 10 percent of the paid-up capital. A company shall not use the additional paid-in capital to make good its capital loss unless the surplus reserve is insufficient to make good such loss.

(XVII) Retained earnings

1. In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual accounts, the Company should first pay income tax to cover prior years' deficits, and if there is still a surplus, the Company should set aside a legal reserve of 10% of the paid-in capital, unless the legal reserve has already reached the paid-in capital. The remaining balance of the legal reserve should be added to the cumulative undistributed earnings of the previous year to arrive at the cumulative distributable earnings. The aforementioned distributable earnings are reported to the shareholders in the shareholders' meeting after the Board of Directors resolves to distribute dividends.
2. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.
3. The Company may allocate earnings only after providing a special reserve for debt balance in other equity on the date of the balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
4. The Company has proposed and resolved the distribution of profits for 2024 and 2023 at the Board meeting on March 12, 2025 and the general shareholders' meeting on May 29, 2024, respectively, as follows:

	2024		2023	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserves	\$ 138,062		\$ 358,119	
Cash dividends	1,674,716	\$ 5.5	2,076,095	\$ 7.5
Stock dividends	152,247	0.5	276,813	1

5. The appropriation of the Company's 2024 earnings has not yet been submitted to the shareholders' meeting as of the date of the audit report. The above information on the appropriation of earnings proposed by the Board of Directors and resolved by the shareholders in the shareholders' meeting can be accessed through Market Observation Post System (MOPS).

(XVIII) Other equity

	2025	2024
January 1	\$ 35,984	\$ 11,940
Currency translation differences:		
The Group	741	1,483
Tax amount of the Group	(148)	(297)
March 31	\$ 36,577	\$ 13,126

(XIX) Operating revenue

	January 1 to March 31, 2025	January 1 to March 31, 2024
Revenue from contract with	\$ —	\$ 457
Lease revenue	11,454	6,789
	\$ 11,454	\$ 7,246

1. Segments of revenue from contract with customers

The Group's income is derived from the transfer at a certain point in time. The income can be subdivided into the following major product lines and generate relevant income in each reportable department:

	Sales of construction		
January 1 to March 31, 2025	Taiwan	China	Total
Timing of revenue recognition			
Revenue recognized at a specific timing	\$ —	\$ —	\$ —
January 1 to March 31, 2024	Taiwan	China	Total
Timing of revenue recognition			
Revenue recognized at a specific timing	\$ —	\$ 457	\$ 457

2. The aggregate amount of the transaction price and the estimated recognized revenue year of the sales contract signed by the Group as of March 31, 2025, which had not yet satisfied its performance obligations, are as follows:

Estimated recognized revenue year	Amount of contracts signed
2025 - 2029	\$ 39,252,740

3. Contract liabilities

The Group recognized contract revenues related to contract liabilities as follows:

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract liabilities— current:				
– Advance land receipts	\$ 4,540,582	\$ 4,096,463	\$ 3,000,050	\$ 2,637,770
– Advance building receipts	2,155,509	1,915,402	1,323,774	1,087,310
	<u>\$ 6,696,091</u>	<u>\$ 6,011,865</u>	<u>\$ 4,323,824</u>	<u>\$ 3,725,080</u>

The Group's sales contract of pre-sale homes contains provisions for advance payment from customers, and the time between advance receipt and commodity ownership transfer is longer than one year. According to IFRS 15, contract liabilities related to sales of pre-sale homes were recognized as current liabilities.

(XX) Additional information regarding the nature of expense

	January 1 to March 31, 2025	January 1 to March 31, 2024
Construction costs	\$ (110)	\$ 522
Employee benefit expenses	66,905	49,853
Advertising expenses	37,773	3,327
Taxation	15,244	15,451
Depreciation and amortization	11,952	6,630
Other costs and expenses	3,498	6,824
Operating cost and operating expenses	<u>\$ 135,262</u>	<u>\$ 82,607</u>

(XXI) Employee benefit expenses

	January 1 to March 31, 2025	January 1 to March 31, 2024
Salary and bonuses	\$ 51,220	\$ 35,213
Directors' remuneration	1,184	1,184
Labor and health insurance expenses	8,986	8,985
Pension expenses	2,633	1,723
Other personnel cost	2,882	2,748
	<u>\$ 66,905</u>	<u>\$ 49,853</u>

1. As stated in the Articles of Incorporation, if there are any remaining profits after deducting the accumulated deficits from the profits of the year, the Company shall allocate 3%-5% of the remaining profits as compensation to employees, and remuneration to directors cannot exceed 2% of the remaining profits.
2. Due to operating losses incurred by the Company during the periods from January 1 to March 31 in both 2024 and 2025, no provision was made for employee remuneration and directors' and supervisors' compensation.
3. The Company's 2024 employee remuneration and directors' remuneration are consistent with the amounts recognized in the financial statements for the year ended December 31, 2024.
4. Information regarding employees' salary and remuneration to Directors approved by the Board of Directors of the Company can be found on the Market Observation Post System (MOPS) website.

(XXII) Interest income

	January 1 to March 31, 2025	January 1 to March 31, 2024
Interests on bank deposits	\$ 3,499	\$ 356
Financial assets measured at amortized cost		
Interest income	21,837	15,011
	\$ 25,336	\$ 15,367

(XXIII) Other income

	January 1 to March 31, 2025	January 1 to March 31, 2024
Advertising service income	\$ —	\$ 3,575
Transferred income from accounts payable	180	—
Income from default of contracted purchasers	3,162	—
Dividend Income	2,245	—
Contract default income	—	205
Other income	5,850	548
	\$ 11,437	\$ 4,328

(XXIV) Other gains and losses

	January 1 to March 31, 2025	January 1 to March 31, 2024
Foreign Exchange Gains (Losses)	\$ —	\$ 16
Gains on financial assets at fair value through profit or loss	60	158
Losses on financial liabilities measured at fair value through profit or loss	(1,800)	—
Loss (gain) on disposal of investment properties	—	(3,700)
Loss (gain) on disposal of property, plant, and equipment	(3)	—
Miscellaneous items	—	(93)
	<u>\$ (1,743)</u>	<u>\$ (3,619)</u>

(XXV) Financial cost

	January 1 to March 31, 2025	January 1 to March 31, 2024
Interest expense		
– Bank loans	\$ 109,277	\$ 72,081
– Loans secured by accounts receivable	14,053	15,011
– Amortization of convertible bonds discount	32,288	—
– Lease liabilities	187	97
Financial expenses	<u>1,078</u>	<u>334</u>
	156,883	87,523
Less: Amount capitalized of qualified assets	<u>(118,324)</u>	<u>(59,016)</u>
	<u>\$ 38,559</u>	<u>\$ 28,507</u>

(XXVI) Income Tax

1. Income tax expense

(1) Components of income tax expense:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Current income tax:		
Income tax incurred in the current period	\$ 4,994	\$ 1,267
Over-estimation of prior years	—	(402)
Total current income tax	4,994	865
Deferred income tax:		
Recognition and reversal of temporary differences	(1,455)	(9,152)
Income tax benefit (expense)	\$ 3,539	\$ (8,287)

(2) Income tax expense amounts associated with other comprehensive income:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Currency translation differences	\$ (148)	\$ (297)

2. The tax authorities have examined income tax returns of the Company through the year ended December 31, 2023.

(XXVII) Loss per share

	January 1 to March 31, 2025		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Loss per share (NT\$)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent company	\$ (127,359)	304,302	\$ (0.42)
<u>Diluted loss per share</u>			
Assumed conversion of all dilutive potential ordinary shares			

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	January 1 to March 31, 2025		
Convertible corporate bonds	—	—	
Employee remuneration	—	—	
Loss attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	\$ (127,359)	304,302	\$ (0.42)
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Loss per share (NT\$)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent company	\$ (75,160)	304,302	\$ (0.25)
<u>Diluted loss per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	—	—	
Loss attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	\$ (75,160)	304,302	\$ (0.25)

For the periods from January 1 to March 31 in both 2024 and 2025, potential common shares were included but are expected to have an anti-dilutive effect; therefore, they have been excluded from the calculation of diluted earnings per share.

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(XXVIII) Changes in liabilities from financing activities

2025								
	Short-term loans	Short-term bills payable	Bonds payable	Long-term loans (Note 2)	Guarantee deposits received	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	\$ 16,778,327	\$ 349,706	\$5,386,521	\$ 4,216,330	\$ 11,211	\$ 43,582	\$ —	\$ 26,785,677
Increase during the period	1,338,380	700,000	—	6,200	200	—	—	2,044,780
Decrease during the period	(1,300,000)	(700,000)	—	(220,603)	(6,200)	(4,857)	—	(2,231,660)
Amortization of convertible bonds discount	—	—	32,288	—	—	—	—	32,288
Payment of interest expense (Note 1)	—	(1,628)	—	—	—	(187)	—	(1,815)
Other non-cash changes	—	772	—	—	—	187	1,674,716	1,675,675
March 31	<u>\$ 16,816,707</u>	<u>\$ 348,850</u>	<u>\$5,418,809</u>	<u>\$ 4,001,927</u>	<u>\$ 5,211</u>	<u>\$ 38,725</u>	<u>\$ 1,674,716</u>	<u>\$ 28,304,945</u>
2024								
	Short-term loans	Short-term bills payable	Bonds payable	Long-term loans (Note 3)	Guarantee deposits received	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	\$ 12,112,470	\$ —	\$ —	\$ 4,131,536	27,656	\$ 28	\$ —	\$ 16,300,650
Increase during the period	2,700,000	—	—	14,637	200	—	—	2,714,837
Decrease during the period	(2,300,000)	—	—	(247,570)	(25,160)	(2,443)	—	(2,575,173)
Payment of interest expense (Note 1)	—	—	—	—	—	(97)	—	(97)
Other non-cash changes	—	—	—	—	—	97	2,076,095	2,076,192
March 31	<u>\$ 12,512,470</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,898,603</u>	<u>\$ 2,696</u>	<u>\$ 26,545</u>	<u>\$ 2,076,095</u>	<u>\$ 18,516,409</u>

Note 1: Presentation of cash flows from operating activities.

Note 2: It includes \$1,435,441 long-term loans due within one year or one operating cycle, accounted for under the item “Long-term liabilities due within one year or one operating cycle”.

Note 3: It includes \$1,305,182 long-term loans due within one year or one operating cycle, accounted for under the item “Long-term liabilities due within one year or one operating cycle”.

(XXIX) Supplemental cash flow information

Fundraising activities that do not affect cash flow:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Unpaid cash dividends declared	\$ 1,674,716	\$ 2,076,095

VII. Related-Party Transactions

(I) Name and relationship of related parties

Name of related parties	Relationship with the Group
Taiwan Digit Automated Control Co.,	Associates
Full Come Foundation Engineering Co.,	Associates
Huapu Construction Co., Ltd.	Associates
Zhong Wanqian	Relatives of key management within the second degree of kinship

(II) Significant transactions between related parties

1. Sales

For the period from January 1 to March 31, 2025 and 2024, the Board of Directors of the Group resolved to sell the projects developed and constructed by the Company to the related parties, and the total transaction amounts including tax were \$72,160 and \$0, respectively.

2. Purchase

	January 1 to March 31, 2025	January 1 to March 31, 2024
Associates	\$ 36,995	\$ 29,472

(1) The above transactions with associates are entrusted with contracting of monitoring projects. The price is based on the contract. The payment period is the same as that of non-related persons, and both are within one month or 45 days.

(2) As of March 31, 2025, the total price of the uncompleted project contracts signed between the Group and associates was \$456,143, and the amount of unrecognized construction payments was \$223,676.

3. Accounts payable

	March 31, 2025	December 31, 2024	March 31, 2024
Associates	\$ 46,340	\$ 63,502	\$ 25,947

The accounts payable to related parties are mainly from the purchase transaction. The said accounts payable are non-interest bearing.

(III) Information on the remunerations of the key management

	January 1 to March 31, 2025	January 1 to March 31, 2024
Short-term employee benefits	\$6,573	\$5,760

VIII. Pledged Assets

The Group's assets pledged as collateral are as follows:

Assets	Carrying amounts			Purpose of guarantee
	March 31, 2025	December 31, 2024	March 31, 2024	
Installment accounts receivable				Loans secured by accounts receivable
– Accounts receivable	\$ 112,374	\$ 109,717	\$ 108,422	
Long-term notes and accounts receivable	1,705,413	1,761,699	1,917,907	
Other installments receivable				Loans secured by accounts receivable
– Other receivables	10,067	9,148	8,760	
Long-term notes and accounts receivable	136,073	136,366	137,514	
Other current assets				
Restricted bank deposits	2,574,706	2,674,396	1,496,380	Pre-sale construction project trust fund
Inventories	42,580,362	41,243,732	35,279,605	Short-term loans and commercial papers payable
Investment property	238,491	239,516	242,591	Loans secured by accounts receivable
	\$ 47,357,486	\$ 46,174,574	\$ 39,191,179	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- (I) As of March 31, 2025, the total value of the engineering contract signed between the Group and non-related parties amounted to \$13,030,465 and the amount not yet estimated is \$7,548,828.
- (II) As of March 31, 2025, the total amount not yet estimated for land acquisition contracts signed by the Group was \$0.
- (III) As of March 31, 2025, the Group had signed letters of trust deed with the trustee financial institution for the project of construction in progress, and the relevant project names and trust banks were as follows:

Project name	Trust bank
Huaku Da'an Tower	Hua Nan Commercial Bank, Ltd.
Huaku Moon Light	E.SUN Commercial Bank, Ltd.
Huaku Sky Tower	Taipei Fubon Commercial Bank Co., Ltd.

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Project name	Trust bank
Huaku Casa Blanca	Cathay United Bank Co., Ltd.
Upper Mansion	Cathay United Bank Co., Ltd.
Huaku Flourish Mansion	E.SUN Commercial Bank, Ltd.
Huaku Mout River	Mega International Commercial Bank
Huaku Chih Hsing	Mega International Commercial Bank
Ultimate Luxury	Cathay United Bank Co., Ltd.

The Group has processed the registrations of transferring the values trust or real estate development trust to the financial institution that undertakes the assurance for the construction as mentioned above projects.

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital security risk management

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

(II) Financial instruments

1. Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			

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	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets mandatorily measured at fair value through profit or loss	\$ 12,713	\$ 13,385	\$ 22,238
Financial assets/loans and receivables measured at amortized cost			
Cash and cash equivalents	1,590,712	3,754,611	865,312
Time Deposit	2,000,000	2,000,000	—
Notes receivable	118,709	109,193	79,206
Accounts receivable (including long-term accounts receivable for more than one year)	1,970,824	2,009,318	2,181,181
Other receivables	46,180	12,566	15,778
Refundable deposits	858,522	409,809	421,111
Other financial assets	2,574,706	2,674,396	1,496,380
	<u>\$ 9,159,653</u>	<u>\$ 10,969,893</u>	<u>\$ 5,058,968</u>
<u>Financial liabilities</u>			
Financial liabilities measured at amortized costs			
Short-term loans	\$ 16,816,707	\$ 16,778,327	\$ 12,512,470
Short-term bills payable	348,850	349,706	—
Notes payable	13,906	17,019	15,393
Accounts payable	1,340,944	1,851,572	1,418,620
Other payables	1,846,344	385,317	2,310,135
Bonds payable	5,418,809	5,386,521	—
Long-term loans (including due within one year or one operating cycle)	4,001,927	4,216,330	3,898,603
Guarantee deposits received	5,211	11,211	2,696
	<u>\$ 29,792,698</u>	<u>\$ 28,996,003</u>	<u>\$ 20,157,917</u>
Lease liabilities	<u>\$ 38,725</u>	<u>\$ 43,582</u>	<u>\$ 26,545</u>

2. Risk management policy

- (1) The Group's daily operations are affected by various financial risks, e.g. market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk.
- (2) The risk management process is carried out by the finance department of the Group in accordance with the opinions of the Board of Directors. Through cooperation with the Group's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks.
- (3) The Group does not undertake derivatives for hedging financial risks.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

The Group operates internationally. The main currencies are NTD and RMB. Foreign currency risk arises from recognized assets and liabilities and net investments in foreign operations. The management of the Group has established policies to manage the foreign currency risk of functional currencies. The Group manages its overall foreign currency risk through the finance department. The Group had no foreign currency assets or liabilities as of March 31, 2024, December 31, 2023, and March 31, 2023.

Due to the significant impact of exchange rate fluctuations on the monetary items of the Group, the aggregated (loss) gains (including realized and unrealized) of exchanges for periods between January 1 and March 31, 2025 and 2024, were \$0 and \$16, respectively.

Price risk

The price of wealth management commodities held by the Group is subject to the uncertainty of the price risk of the investment target's future value, so there exists a price risk exposure.

Cash flow interest rate risk and fair value interest rate risk

- A. The Group's interest rate risks come from short- and long-term loans. Loans with floating interest rates expose the Group to cash flow interest rate risks, of which a portion is offset by the cash held with floating interest rates. For the periods between January 1 and March 31, 2025 and 2024, the Group's borrowings at floating interest rate were denominated in NTD.

- B. The Group simulates a number of scenarios and analyzes interest rate risk, including consideration of refinancing, extending contracts of existing positions, and other available financings to calculate the impact of changes in specific interest rates on profit or loss.
- C. When all other factors remain unchanged, the maximum impact of a 1% change in interest rate on the financial costs of periods between January 1 and March 31, 2025 and 2024, is to increase or decrease of \$211,686 and \$164,111, respectively. The two payments of \$19,639 and \$21,726 in the periods between January 1 and March, 2025 and 2024, respectively, were due to the Group's contract of the loan secured by account receivable with the bank. As the interest income generated by the installment sales will be directly deposited by the purchaser into the bank loan account of the Group to repay the interest expenses arising from the above-mentioned factoring contract. Therefore, there was no need for the Group to undertake the risk of interest rate changes arising from this transaction. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(2) Credit risk

- A. Credit risk of the Group refers to the risk of financial loss of the Group caused by the client or counterparties of financial instruments failing to fulfill their contractual obligations. The risk is mainly from the counterparty's unable to pay off the accounts payable according to the collection conditions.
- B. The Group establishes credit risk management from the group perspective. Only banks and financial institutions with an independent credit rating of at least "A" can be accepted for trading by the Group.
- C. The Group mainly engages in the lease and sale of public housings, plants as well as the sale of premises. Revenue is recognized when the full contract payments are collected, and the transfer of ownership and the actual delivery of the house are completed. Therefore, the amount of accounts receivable arising from the sale of real estate should be petty proportion, and no much chance of non-recovery. The Company also implements individual management and regular tracking of receivables arising from special trading. In addition, the Group classifies customers' accounts receivable and installment accounts receivable based on

customer characteristics, and using the simplified preparation matrix, the company estimates the expected credit loss and adjusts the loss rate established by historical and current information during a specific period to assess the allowance loss of installments receivable. The Group's assessed credit impairment losses as of March 31, 2025, December 31, 2024, and March 31, 2024, were not significant.

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

(3) Liquidity risk

- A. The cash flow forecast is performed by each operating entity of the Group and compiled by the Group's finance department. The Group's finance division monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- B. The Group's non-derivative financial liabilities are analyzed based on the remaining period from the date of balance sheet to the contract expiration date; the derivative financial liabilities are analyzed based on the fair value at the date of balance sheet.

Except for notes payable with undiscounted contract cash flow amount that is approximately equal to its book value and matures within one year, the amount of undiscounted contractual cash flow of other financial liabilities is as follows:

March 31, 2025 <u>Non-derivative financial liabilities:</u>	Within 1 year	1-3 years	Over 3 years
Short-term loans	\$ 5,028,635	\$ 7,285,744	\$ 5,351,552
Short-term bills payable	350,000	—	—
Accounts payable	614,718	192,975	533,251
Other payables	1,804,708	1,870	39,766
Lease liabilities	18,428	18,862	2,378

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March 31, 2025

Long-term loans (including due within one year or one operating cycle)	1,339,017	727,939	—
Loans secured by accounts receivable	158,191	310,094	2,214,877

December 31, 2024

<u>Non-derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>1-3 years</u>	<u>Over 3 years</u>
Short-term loans	\$ 1,744,404	\$10,622,101	\$ 5,343,990
Short-term bills payable	350,000	—	—
Accounts payable	1,135,014	268,334	448,224
Other payables	338,390	1,800	45,127
Lease liabilities	20,176	21,366	3,171
Long-term loans (including due within one year or one operating cycle)	1,231,814	1,006,526	—
Loans secured by accounts receivable	157,127	329,043	2,269,406

March 31, 2024

<u>Non-derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>1-3 years</u>	<u>Over 3 years</u>
Short-term loans	\$ 2,337,525	\$ 9,285,895	\$ 1,499,242
Accounts payable	615,292	510,199	293,129
Other payables	2,259,052	12,518	38,565
Lease liabilities	10,159	11,583	5,549
Long-term loans (including due within one year or one operating cycle)	1,208,029	540,162	—
Loans secured by accounts receivable	158,145	326,566	2,504,574

- C. The Group did not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(III) Fair value information

- The following states the definition of different levels of valuation techniques used to measure the fair value of financial and non-financial instruments:

Level 1: Level 1 inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the

measurement date. An active market is a 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: Observable inputs for the asset or liability, either directly or indirectly, other than quoted market prices included within Level 1.

Level 3: Unobservable inputs for the asset or liability. The financial products invested by the Group belong to this level.

2. For fair value information of investment property measured at cost, please refer to Note 6 (8) for details.
3. Financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits, restricted bank deposits, short-term loans, short-term bills payable, notes payable, accounts payable, other payables, long-term loans, guarantee deposit received, are reasonable approximations of fair values.
4. The Group categorizes financial and non-financial instruments measured at fair value on the basis of the nature, characteristics, and risks of the assets and liabilities. The related information is as follows:

(1) Classified by nature of assets:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
March 31, 2025				
Assets				
<u>Recurring fair value</u>				
Financial assets				
measured at fair value				
through profit or loss	\$ —	\$ —	\$ 12,713	\$ 12,713
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities				
measured at fair value				
through profit or loss	\$ —	\$ —	\$ 62,400	\$ 62,400
December 31, 2024				
Assets				
<u>Recurring fair value</u>				
Financial assets				
measured at fair value				
through profit or loss	\$ —	\$ —	\$ 13,385	\$ 13,385
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities				
measured at fair value				
through profit or loss	\$ —	\$ —	\$ 60,600	\$ 60,600

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	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
March 31, 2024				
Assets				
<u>Recurring fair value</u>				
Financial assets				
measured at fair value				
through profit or loss	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 22,238</u>	<u>\$ 22,238</u>

(2) Methods and assumptions adopted by the Group for measurement of fair value are stated as follows:

(3) The Group has not held any financial assets with quoted market prices and the fair value of the remaining financial instruments is obtained from valuation techniques or reference to quotes from counterparties.

5. For the periods between January 1 and March 31, 2025 and 2024, there were no transfer between Level 1 and Level 2 for the Group.

6. The changes in Level 3 for the periods between January 1 and March 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
January 1	\$ 13,385	\$ 32,271
Current acquisition	2,433	—
Disposal in the current period	(3,389)	(10,637)
Currency translation differences	284	604
March 31	<u>\$ 12,713</u>	<u>\$ 22,238</u>

7. The finance department of the Group is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to confirm the resource of information is independent, reliable and represented as the exercisable price.

XIII. Matters Disclosed in Notes

(I) Related Information on Significant Transactions

1. Financing provided to others: None.
2. Endorsements/guarantees provided to others: None.
3. Significant marketable securities held at the end of the period: None.
4. Purchases from and sales to related parties amounted to at least NT\$100 million or exceeding 20% of paid-in capital: Please refer to Table 1.

5. Receivables from related parties amounted to at least NT\$100 million or exceeding 20% of paid-in capital: Please refer to Table 2.
6. Parent-subsidiary and subsidiary-subsidiary business relations and significant transactions thereof: Please refer to Table 3.

(II) Related Information on Investees

Name, location, and information on investee companies (not including investee companies in mainland China): Please refer to Table 4.

(III) Information on investments in mainland China

1. Investee information: Please refer to Table 5.
2. Significant transactions with investee companies in mainland China, either directly or indirectly via a third region: None.

XIV. Information on Operating Segments

(I) General information

The Group operates business only in a single industry. The Group's operating decision-makers, who allocate resources and assess the performance of the Group as a whole, have identified that the Group is a single reportable operating segment.

The Group's company organization, basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

(II) Segment information on profit or loss and assets

The financial information of reportable segments provided to chief operating decision makers is as follows:

	January 1 to March 31, 2025			
	Taiwan	China	Adjustment and elimination	Total
Net external revenue	\$ 11,045	\$ 409	\$ —	\$ 11,454
Internal segment revenue	877,125	—	(877,125)	—
Segment revenue	<u>\$ 888,170</u>	<u>\$ 409</u>	<u>\$ (877,125)</u>	<u>\$ 11,454</u>
Segment income or loss	<u>\$ (107,095)</u>	<u>\$ 212</u>	<u>\$ (20,435)</u>	<u>\$ (127,318)</u>
Segment assets	<u>\$ 56,115,676</u>	<u>\$ 58,244</u>	<u>\$ —</u>	<u>\$ 56,173,920</u>

	January 1 to March 31, 2024			
	Taiwan	China	Adjustment and elimination	Total
Net external revenue	\$ 5,982	\$ 1,264	\$ —	\$ 7,246
Internal segment revenue	581,736	—	(581,736)	—
Segment revenue	<u>\$ 587,718</u>	<u>\$ 1,264</u>	<u>\$ (581,736)</u>	<u>\$ 7,246</u>
Segment income or loss	<u>\$ (60,025)</u>	<u>\$ (2,943)</u>	<u>\$ (12,781)</u>	<u>\$ (75,749)</u>
Segment assets	<u>\$ 43,531,598</u>	<u>\$ 136,498</u>	<u>\$ —</u>	<u>\$ 43,668,096</u>

(III) Reconciliation for segment profit or loss and assets

The revenue from external parties, segment income and segment assets reported to the Chief Operating Decision Maker are measured in a manner consistent with the revenue, net profit after taxes, and total assets in the financial statements; therefore, there is no need to adjust.

Huaku Development Co., Ltd.
Purchases from and Sales to Related Parties Amounted to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital
January 1 to March 31, 2025

Table 1.

Unit: NT\$ thousands
(Unless specified otherwise)

Supplier (Buyer)	Counterparty	Relationship	Transaction details				Reasons for and status of differences in transaction terms compared to arms-length transaction		Notes and accounts receivable (payable)		
			Purchase (Sale)	Amount	Ratio to the total purchase (sale) amount	Payment term	Unit price	Payment term	Balance	Ratio to the total notes/accounts receivable (payable)	Note
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Subsidiary	Purchase	\$ 1,135,611	73	Within 120 days	Contract-based pricing	One month or 45 days for general suppliers	\$ (1,504,716)	82	
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Sales	(1,161,123)	100	Within 120 days	Contract-based pricing	Monthly settlement within 30 days for general customers	1,504,716	100	

Huaku Development Co., Ltd.
Receivables from Related Parties Amounted to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital
January 1 to March 31, 2025

Table 2.

Unit: NT\$ thousands
(Unless specified otherwise)

Company name	Counterparty	Relationship	Balance of accounts receivable from the related party	Turnover rate	Overdue		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Yin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	\$ 1,504,716	Note	\$ —	—	\$ 644,973	\$ —

Note: This column is not applicable to the construction engineering industry.

Huaku Development Co., Ltd.
Parent-subsidiary and subsidiary-subsidiary business relations and significant transactions thereof
January 1 to March 31, 2025

Table 3.

Unit: NT\$ thousands
(Unless specified otherwise)

Number (Note)	Company name	Counterparty	Relationship with the counterparty	Transaction details			Ratio to the consolidated revenue or total assets
				Account	Amount	Terms	
0	Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Purchase	\$ 1,135,611	Contract-based pricing within 120 days	9,915
0	Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Accounts payable	1,504,716	Contract-based pricing within 120 days	3
1	Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Sales	1,161,123	Contract-based pricing within 120 days	10,137
1	Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Accounts receivable	1,504,716	Contract-based pricing within 120 days	3

Note: Information on business transactions between the parent company and its subsidiaries should be indicated in the numbered columns, and the numbers should be filled out as follows:

- (1) Enter 0 for the parent company.
- (2) Subsidiaries are numbered in order of company type starting with the arabic number 1.

Huaku Development Co., Ltd.
Name, Location, and Information on Investee Companies (Not Including Investee Companies in Mainland China)
January 1 to March 31, 2025

Table 4.

Unit: NT\$ thousands
(Unless specified otherwise)

Investor company	Name of investee	Place of registration	Main businesses	Initial investment amount		Shares held as at the end of the period			Current profit or loss of the investee company	Investment gain (loss) recognized in the current period	Note
				End of the current period	End of the previous period	Shares	Ratio	Carrying amount			
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Taiwan	Contracting civil engineering and hydraulic engineering projects	\$ 614,184	\$ 614,184	70,000,000	100	\$ 678,839	\$ 20,263	\$ (19,753)	Subsidiary
Huaku Development Co., Ltd.	Taiwan Digit Automated Control Co., Ltd.	Taiwan	Engineering monitoring	8,000	8,000	800,000	40	33,793	5,029	2,181	An investee accounted for using the equity method
Huaku Development Co., Ltd.	Huapu Construction Co., Ltd.	Taiwan	Leasing, sales and development of residential and commercial buildings	5,000	5,000	500,000	50	5,126	(23)	(12)	An investee accounted for using the equity method
Pin Shing Construction Co., Ltd.	Full Come Foundation Engineering Co., Ltd.	Taiwan	Professional construction industry of foundation engineering	25,925	25,925	2,245,069	38.05	33,099	4,047	1,389	An investee company of subsidiary accounted for using equity method

Huaku Development Co., Ltd.
Information on Investments in Mainland China - Basic Information
January 1 to March 31, 2025

Table 5.

Unit: NT\$ thousands
(Unless specified otherwise)

Investee in mainland China	Main businesses	Paid-up capital	Investment method	Accumulated investment amount of remittance from Taiwan—beginning of the current period	Exported or recovered investment amount of the current period		Accumulated investment amount of remittance from Taiwan—end of the current period	Current profit or loss of the investee company	Shareholding percentage from direct or indirect investment	Investment profit or loss recognized in the current period (Note 2)	Book value of investment at the end of the current period	Accumulated repatriation of investment income as of the end of the period	Note
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	\$2,287	Note 1	\$ —	\$ —	\$ —	\$ —	\$ 212	80	\$ 169	\$ 35,753	\$ 346,784	Note 3

Company name	Accumulated remitted investment amount from Taiwan to mainland China—end of the current period	Investment amounts authorized by Investment Commission, MOEA	Ceiling on investment in mainland China imposed by the Investment Commission, MOEA
Huaku Development Co., Ltd.	\$ —	\$ 929,104	\$ 11,431,250

Note 1: Direct investment in a company in mainland China.

Note 2: Based on the valuation and disclosure of the Company's financial statements for the same period, which have not been reviewed by a CPA.

Note 3: On August 29, 2014, the company was approved by the Chengdu Investment Promotion Committee to reduce the capital by RMB 115 million. In October 2017, all the company's holdings of RMB 92 million had been fully remitted back.

In addition, on April 20, 2018, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 110 million. In February 2019, all the company's holdings of RMB 88 million had been fully remitted back.

In addition, on April 29, 2022, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 4.5 million. In May 2022, all the company's holdings of RMB 3.6 million had been fully remitted back.