

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2024 and 2023

(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 Independent Auditors' Report December 31, 2024
and 2023

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Huaku Development Co., Ltd.

Consolidated Financial Statements of Affiliated Enterprises

For the year 2024 (from January 1 to December 31, 2024), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the parent-subsidary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

As hereby declared

Company Name: Huaku Development Co., Ltd.

Person in Charge: Chung, Long-Chang

February 26, 2025

Independent Auditors' Report

(2025) Cai-Shen-Bao-Zi No. 24003976

To Huaku Development Co., Ltd.,

Audit Opinions

The auditors have audited the Consolidated Balance Sheets of Huaku Development Co., Ltd. and its subsidiaries (hereinafter referred to as “Huaku Development Group”) as of December 31, 2024 and 2023, 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 December 31, 2024 and 2023.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Huaku Development Group as of December 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to December 31, 2024 and 2023 in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations to the extent endorsed and effected by the Financial Supervisory Commission.

Basis of Audit Opinions

We have performed the auditing in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Auditing Standards of R.O.C. Our responsibilities under those standards are further described in the section of Responsibility of Certified Public Accountants for Auditing Financial Statements. We are independent from Huaku Development Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities in accordance with the requirements stated in the Norm. The accountant believes that sufficient and appropriate audit evidence has been obtained as a basis for expressing the audit opinion.

Key Audit Matters

The key audit matters are those that we consider the most important, according to our professional judgment, when auditing the consolidated financial statements of Huaku Development Group for 2024. The said matters have been expressed when the financial statements were audited as a whole and when the audit opinions took form. Any personal opinion on any of the said matters is not expressed.

Key audit matters of the consolidated financial statements of Huaku Development Group for 2024 are as follows:

Occurrence of Real Estate Sales Revenue

Description of the Matter

Please refer to Note 4 (28) of the Notes for Consolidated Financial Statements for the accounting policies of the construction industry on operating revenue, and Note 6 (19) for descriptions of accounting items.

The sales revenue of the construction industry is recognized when the real estate completes the transfer of ownership and the actual delivery of the housing. The recognition of revenue is material to the overall financial statements for the year. Therefore, the accountant has identified the occurrence of real estate sales revenue as a key audit matter.

Corresponding Audit Procedures

The corresponding audit procedures we took for the specific aspects described in the aforementioned audit matters are as follows:

- Understand and review the procedures for the recognition of building and land sales revenue and ensure its consistent application across the comparative periods in the financial statements.
- For the real estate sales revenue recognized during the year, a sample selection is performed to verify the corresponding property ownership transfer and actual handover documentation to ensure the appropriateness of the recorded real estate sales revenue.

Other Matters—Parent Company Only Financial Reports

Huaku Development Co., Ltd. has compiled parent company only financial reports for 2024 and 2023, and we have issued an unqualified report for reference.

Responsibility of the Management and the Governance Units for the Consolidated Financial Statements

The responsibility of the management was to act in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations to the extent endorsed and effected by the Financial Supervisory Commission to fairly represent the Company's financial status and also to maintain necessary internal control with regard to the compilation of the consolidated financial statements, so as to ensure such financial statements did not contain any material misstatement due to fraud or errors.

When the consolidated financial statements were in the process of preparation, the responsibility of management also included the assessment of the going concern capacity of Huaku Development Group, disclosure of related matters, and the adoption of the accounting basis of going concern, unless the management intended to liquidate or suspend the operation of Huaku Development Group, or if there was no other option except liquidation or suspension of the company's operation.

The governance units of Huaku Development Group (including the Audit Committee) bear the responsibility of overseeing the financial reporting process.

Responsibility of Certified Public Accountants for Auditing Consolidated Financial Statements

Our objective when auditing the consolidated financial statements was to obtain reasonable assurance whether they contained any material misstatement due to fraud or error and issue the auditors' report. Reasonable assurance refers to high level of assurance. However, auditing work carried out in accordance with the Auditing Standards of R.O.C. does not necessarily guarantee the detection of material misstatement in consolidated financial statements. Misstatements may be caused by fraud or errors. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the consolidated financial statements, such misstatement will be considered material.

We conducted the auditing according to the Auditing Standards of R.O.C., and also exercised our professional judgment and remained professionally skeptical. We have also executed the following tasks:

1. Identified and evaluated the risk of material misstatements due to fraud or errors in the consolidated financial statements; designed and carried out appropriate countermeasures for the evaluated risk, and obtained sufficient and appropriate evidence as the basis for the audit opinions. As fraud can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect material misstatements resulting from fraud is higher than the risk of failing to identify those coming from errors.
2. Achieved the necessary understanding of the internal control relevant to auditing verifications in order to design the auditing procedures appropriate for the given context. Nevertheless, the purpose of this is not to express an opinion on the effectiveness of Huaku Development Group's internal control.
3. Evaluated the appropriateness of the accounting policies adopted by the management and the reasonableness of its accounting estimates and relevant disclosures.
4. Formed a conclusion pertaining to the appropriateness of the accounting basis of going concern adopted by the management of Huaku Development Group; determined whether material uncertainty exists or not on events or conditions which may significantly impact the going concern of Huaku Development Group. If we thought such material uncertainty existed for such events or conditions, we must point it out in the auditors' report to remind users of the consolidated financial statements to look out for related disclosures in the consolidated financial statements, or to revise our audit opinions if such disclosures were inappropriate. Our conclusion was established according to the audit evidence obtained by the date of the auditors' report. However, future events or conditions may cause Huaku Development Group to lose the capacity of going concern.

5. Evaluated the overall expression, structure and contents of the consolidated financial statements (including relevant Notes), and whether the consolidated financial statements fairly represent relevant transactions and events.
6. Obtained sufficient and appropriate audit proof of the financial information of the Group's constituents so as to express opinions on the consolidated financial statements. We were responsible for guiding, supervising, and executing the audit work for the Group's financial statements and also establishing the auditors' opinion.

We communicated with the governance units on the planned audit range and time, as well as material audit discoveries (including significant internal control defects found in the audit process).

We provided the governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China to remain neutral and also communicated with them about all relations and other matters (including related preventive measures) that could affect the independence of certified public accountants.

Based on the result of our discussion with the governance units, we decided on the matters to be regarded as key audit matters when auditing the 113 consolidated financial statements of Huaku Development Group. We have clearly described the said matters in the auditors' report, except certain matters whose public disclosure is prohibited by law, or certain matters we decided not to communicate under extremely rare circumstances because disclosure of such matters can be reasonably expected to lead to negative effects that would be greater than the public good they might bring.

PwC Taiwan

Hsiao, Chun-Yuan

CPA

Lin, Se-Kai

Former Securities and Futures Bureau, FSC

Approved Document, Reference No.:

Jin-Guan-Zheng (6) Zi No. 0960042326

Jin-Guan-Zheng (6) Zi No. 0960072936

February 26, 2025

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2024 and 2023

Unit: NT\$ thousands

Assets		Notes	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 3,754,611	7	\$ 1,513,506	4
1110	Financial asset measured at fair value through profit and loss—current	6 (2)	13,385	—	32,271	—
1136	Current financial assets measured at amortized cost		2,000,000	4	—	—
1150	Notes receivable, net	6 (3)	109,193	—	55,850	—
1170	Accounts receivable, net	6 (3) (13) and 8	111,253	—	119,838	—
1200	Other receivables	6 (13) and 8	12,566	—	10,997	—
130X	Inventories	6 (4) and 8	43,989,380	78	36,499,998	84
1410	Prepayments		204,350	—	109,095	—
1470	Other current assets	6 (6) and 8	3,673,409	7	2,301,169	5
11XX	Total current assets		<u>53,868,147</u>	<u>96</u>	<u>40,642,724</u>	<u>93</u>
Non-current assets						
1550	Investment accounted for using the equity method	6(7)	68,472	—	66,029	—
1600	Property, plant, and equipment		281,540	—	199,988	1
1755	Right-of-use assets		39,875	—	28,683	—
1760	Investment properties, net	6 (8) and 8	245,501	—	299,165	1
1840	Deferred income tax assets	6 (26)	24,449	—	24,230	—
1900	Other non-current assets	6 (3) (13) and 8	1,974,706	4	2,331,292	5
15XX	Total non-current assets		<u>2,634,543</u>	<u>4</u>	<u>2,949,387</u>	<u>7</u>
1XXX	Total assets		<u>\$ 56,502,690</u>	<u>100</u>	<u>\$ 43,592,111</u>	<u>100</u>

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Huaku Development Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2024 and 2023

				Unit: NT\$ thousands	
		December 31, 2024		December 31, 2023	
Liability and equity	Notes	Amount	%	Amount	%
Current liabilities					
2100 Short-term loans	6 (9)	\$ 16,778,327	30	\$ 12,112,470	28
2110 Short-term bills payable	6 (10)	349,706	1	—	—
2130 Contract liabilities—current	6 (19)	6,011,865	11	3,725,080	8
2150 Notes payable		17,019	—	25,917	—
2170 Accounts payable	7	1,851,572	3	1,673,490	4
2200 Other payables	6 (17) (28)	385,317	1	517,127	1
2230 Current income tax liabilities		364,132	1	327,046	1
2280 Lease liabilities—current		19,532	—	12,398	—
2320 Long-term liabilities due within one year or one operating cycle	6 (13)	1,318,265	1	1,292,600	3
2399 Other current liabilities—others	6 (11)	112,714	—	185,371	—
21XX Total current liabilities		<u>27,208,449</u>	<u>48</u>	<u>19,871,499</u>	<u>45</u>
Non-current liabilities					
2500 Financial liabilities measured at fair value through profit or loss		60,600	—	—	—
2530 Bonds payable	6 (12)	5,386,521	10	—	—
2540 Long-term loans	6 (13)	2,898,065	5	2,838,936	7
2570 Deferred income tax liabilities	6 (26)	9,420	—	3,512	—
2580 Lease liabilities—non-current		24,050	—	16,590	—
2600 Other non-current liabilities	6 (14)	63,302	—	66,337	—
25XX Total non-current liabilities		<u>8,441,958</u>	<u>15</u>	<u>2,925,375</u>	<u>7</u>
2XXX Total liabilities		<u>35,650,407</u>	<u>63</u>	<u>22,796,874</u>	<u>52</u>
Equity attributable to owners of the parent company					
Share capital	6 (15)				
3110 Share capital from common stock		3,044,940	5	2,768,127	7
Additional paid-in capital	6 (12) (16)				
3200 Additional paid-in capital		818,985	2	80,727	—
Retained earnings	6 (17)				
3310 Legal reserves		4,655,875	8	4,297,756	10
3350 Unappropriated retained earnings		12,288,638	22	13,619,049	31
Other equity interest	6 (18)				
3400 Other equity interest		35,984	—	11,940	—
3500 Treasury stocks	6 (15)	(850)	—	(850)	—
31XX Total equity attributable to owners of the parent company		<u>20,843,572</u>	<u>37</u>	<u>20,776,749</u>	<u>48</u>
36XX Non-controlling interests		<u>8,711</u>	<u>—</u>	<u>18,488</u>	<u>—</u>
3XXX Total equity		<u>20,852,283</u>	<u>37</u>	<u>20,795,237</u>	<u>48</u>
Material commitments or contingencies	9				
3X2X Total liabilities and equity		<u>\$ 56,502,690</u>	<u>100</u>	<u>\$ 43,592,111</u>	<u>100</u>

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

Chairman: Frank Chung

General Manager: Jason Hung

Accounting Supervisor: Susan Liu

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2024 and 2023

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

	Items	Notes	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	6 (19) and 7	\$ 7,212,415	100	\$ 15,804,993	100
5000	Operating costs	6 (20) (21) and 7	(4,630,768)	(64)	(10,584,980)	(67)
5900	Gross profit		2,581,647	36	5,220,013	33
	Operating expenses	6 (20) (21) and 7				
6100	Selling expenses		(202,158)	(3)	(256,583)	(2)
6200	Administrative expenses		(480,344)	(7)	(613,093)	(4)
6000	Total operational expenses		(682,502)	(10)	(869,676)	(6)
6900	Operating profit		1,899,145	26	4,350,337	27
	Non-operating income and expenses					
7100	Interest income	6 (22)	94,457	1	84,093	1
7010	Other income	6 (23)	30,043	—	25,038	—
7020	Other gains and losses	6 (24)	(51,509)	—	(49,593)	—
7050	Financial cost	6 (25)	(148,247)	(2)	(138,758)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method	6(7)	11,349	—	16,661	—
7000	Total non-operating income and expenses		(63,907)	(1)	(62,559)	—
7900	Pre-tax profit		1,835,238	25	4,287,778	27
7950	Income tax expense	6 (26)	(445,663)	(6)	(715,820)	(4)
8200	Net income		\$ 1,389,575	19	\$ 3,571,958	23

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Huaku Development Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2024 and 2023

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

	Items	Notes	2024		2023	
			Amount	%	Amount	%
	Other comprehensive income (net)					
	Other comprehensive income					
8311	Remeasurements from defined benefit plans	6 (14)	\$ (14,568)	—	\$ (740)	—
8349	Income tax related to items not reclassified	6 (26)	2,914	—	148	—
	Items that may be reclassified to profit or loss		(11,654)	—	(592)	—
8361	Exchange differences on translation of foreign financial statements		37,569	1	423	—
8399	Income tax associated with items that may be reclassified	6 (18) (26)	(6,011)	—	(68)	—
8360	Total amount of items that may be reclassified to profit of loss		31,558	1	355	—
8300	Other comprehensive income (net)		\$ 19,904	1	\$ (237)	—
8500	Total comprehensive income		\$ 1,409,479	20	\$ 3,571,721	23
	Profit attributable to:					
8610	Owners of parent company		\$ 1,392,271	19	\$ 3,581,783	23
8620	Non-controlling interests		(2,696)	—	(9,825)	—
			\$ 1,389,575	19	\$ 3,571,958	23
	Total comprehensive income attributable to:					
8710	Owners of parent company		\$ 1,404,661	20	\$ 3,581,461	23
8720	Non-controlling interests		4,818	—	(9,740)	—
			\$ 1,409,479	20	\$ 3,571,721	23
	Basic earnings per share	6 (27)				
9750	Basic earnings per share		\$	4.58	\$	11.77
	Diluted earnings per share	6 (27)				
9850	Diluted earnings per share		\$	4.56	\$	11.71

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

Chairman: Frank Chung

General Manager: Jason Hung

Accounting Supervisor: Susan Liu

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2024 and 2023

Unit: NT\$ thousands

Equity attributable to owners of the parent company													
		Additional paid-in capital				Retained earnings		Exchange differences on translation of foreign financial statements	Treasury stocks	Total	Non-controlling interests	Total equity	
		Share capital from common stock	Premium of convertible corporate bonds	Stock Warrants	Treasury stock transaction	Others	Legal reserves						Unappropriated retained earnings
Notes													
2023													
		\$2,768,127	\$ 46,100	\$ —	\$ 31,252	\$ 1,634	\$ 4,001,673	\$ 12,410,036	\$ 11,670	\$ (850)	\$ 19,269,642	\$ 101,860	\$ 19,371,502
		—	—	—	—	—	—	3,581,783	—	—	3,581,783	(9,825)	3,571,958
	6 (18)	—	—	—	—	—	—	(592)	270	—	(322)	85	(237)
		—	—	—	—	—	—	3,581,191	270	—	3,581,461	(9,740)	3,571,721
	6 (17)												
		—	—	—	—	—	296,083	(296,083)	—	—	—	—	—
		—	—	—	—	—	—	(2,076,095)	—	—	(2,076,095)	—	(2,076,095)
		—	—	—	1,307	—	—	—	—	—	1,307	—	1,307
		—	—	—	—	434	—	—	—	—	434	—	434
		—	—	—	—	—	—	—	—	—	—	(73,632)	(73,632)
		\$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
2024													
		\$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
		—	—	—	—	—	—	1,392,271	—	—	1,392,271	(2,696)	1,389,575
	6 (18)	—	—	—	—	—	—	(11,654)	24,044	—	12,390	7,514	19,904
		—	—	—	—	—	—	1,380,617	24,044	—	1,404,661	4,818	1,409,479
	6 (17)												
		—	—	—	—	—	358,119	(358,119)	—	—	—	—	—
		—	—	—	—	—	—	(2,076,096)	—	—	(2,076,096)	—	(2,076,096)
		276,813	—	—	—	—	—	(276,813)	—	—	—	—	—
		—	—	—	1,308	—	—	—	—	—	1,308	—	1,308
		—	—	737,089	—	—	—	—	—	—	737,089	—	737,089
		—	—	—	—	(139)	—	—	—	—	(139)	—	(139)
		—	—	—	—	—	—	—	—	—	—	(14,595)	(14,595)
		\$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

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

Chairman: Frank Chung

General Manager: Jason Hung

Accounting Supervisor: Susan Liu

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2024 and 2023

	Notes	2024	Unit: NT\$ thousands 2023
<u>Cash flow from operating activities</u>			
Current net profit before tax		\$ 1,835,238	\$ 4,287,778
Adjusted items			
Income and expense items			
Share of profit (loss) of associates and joint ventures accounted for using the equity method	6(7)	(11,349)	(16,661)
Amortization	6 (20)	2,212	2,254
Depreciation expenses	6 (20)	26,339	26,262
Interest expense	6 (25)	148,247	138,758
Interest income	6 (22)	(94,457)	(84,093)
Loss (gain) on disposal of property, plant, and equipment	6 (24)	6	—
Loss (gain) on disposal of investment properties	6 (24)	3,700	43,961
Loss on disposal of investments	6 (24)	27,736	—
Losses on financial liabilities measured at fair value through profit or loss	6 (24)	20,200	—
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	6 (24)	18,886	110,901
Notes and accounts receivable, net		(51,833)	(48,094)
Other receivables		(1,569)	1,040
Inventories		(7,179,724)	(2,133,245)
Prepayments		(95,255)	(16,830)
Restricted deposits		(962,064)	(460,681)
Other current assets		(398,798)	102,416
Deferred income tax assets		(219)	28
Long-term installment accounts receivable		260,319	358,309
Net change in liabilities relating to operating activities			
Notes payable		(8,898)	13,546
Accounts payable		178,082	372,236
Other payables		(131,810)	30,086
Contract liabilities		2,286,785	(921,960)
Advance receipts		15,121	10,338
Other current liabilities		(87,776)	(120,233)
Other non-current liabilities		20,648	(4,106)
Changes in deferred income tax liabilities		5,908	(49)
Realized amount of unrealized revenue within this period		—	(4,596)
Cash inflow generated from operations		(4,174,325)	1,687,365
Dividends received		6,661	5,600
Interest received	6 (22)	94,457	84,093
Interest paid		(425,911)	(329,109)
Income tax paid		(400,677)	(833,059)
Cash inflow (outflow) from operating activities, net		(4,899,795)	614,890
<u>Cash flow from investment activities</u>			
Acquisition of financial assets measured at amortized cost		(2,000,000)	—
Proceeds from the disposal of investments		17,888	—
Acquisition of investments accounted for under the equity method		—	(9,925)
Proceeds from acquisition of property, plant, and equipment		(90,185)	(1,784)
Disposal of investment properties		4,124	126,400
Decrease (Increase) in other non-current assets		(1,183)	990
Increase in refundable deposits		(95,458)	(158,955)
Decrease in refundable deposits		186,394	58,119
Net cash (outflow) inflow from investing activities		(1,978,420)	14,845
<u>Cash flow from financing activities</u>			
Borrowing of short-term loans	6 (28)	18,685,857	14,092,580
Short-term loans repaid	6 (28)	(14,020,000)	(10,732,000)
Increase in short-term bills payable	6 (28)	1,250,000	1,850,000
Decrease in short-term bills payable	6 (28)	(900,000)	(2,150,000)
Issuance of Corporate Bonds	6 (28)	6,131,722	—
Long-term loans borrowed	6 (28)	1,538,402	1,107,063
Long-term loans repaid	6 (28)	(1,453,608)	(2,827,739)
Redemption of lease principal	6 (28)	(9,818)	(9,754)
Increase in guarantee deposits received	6 (28)	16,315	42,625
Decrease in guarantee deposits received	6 (28)	(32,760)	(45,654)
Changes in non-controlling interests		(14,595)	(73,632)
Cash dividends paid—parent company	6 (17) (28)	(2,076,095)	(2,076,095)
Cash inflow (outflow) from financing activities, net		9,115,420	(822,606)
Impacts on cash and cash equivalents from changes in exchange rates		3,900	7,216
Increase (decrease) in cash and cash equivalents for the period		2,241,105	(185,655)
Cash and cash equivalents at the beginning of the period		1,513,506	1,699,161
Cash and cash equivalents at the end of the period		\$ 3,754,611	\$ 1,513,506

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

Chairman: Frank Chung

General Manager: Jason Hung

Accounting Supervisor: Susan Liu

Huaku Development Co., Ltd. and Subsidiaries
Notes for Consolidated Financial Statements
December 31, 2024 and 2023

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 February 26, 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 2024:

<u>New standards, interpretations and amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

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 2025:

New standards, interpretations and amendments	Effective date by International Accounting Standards Board
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.

- (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 Accounting Standards Board
Amendments to 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	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Annual Improvements to IFRS Accounting Standards -	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:

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.

IV. Significant Accounting Policies and Summary Statements

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Statement of Compliance

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 Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations (collectively referred to as “IFRSs” hereinafter) endorsed and issued into effect by the FSC.

(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
 - (1) The Group includes all subsidiaries as entities in the consolidated financial statements. Subsidiaries refer to entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control, and are excluded

from the consolidated financial statements from the date when such control ceases.

- (2) Transactions, balances and unrealized gains or losses between companies within the Group are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Group.
- (3) The profit or loss and each component of other comprehensive income is attributed to the owners of the parent company and to the non-controlling interest. Total comprehensive income is also attributed to the owners of the parent company and non-controlling interest even if this results in the non-controlling interests having a deficit balance.
- (4) A change in the ownership interest of a subsidiary without a loss of control (transactions with non-controlling interests) is accounted for as an equity transaction, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (5) When the Group loses control of a subsidiary, any investment retained in the former subsidiary should be remeasured at fair value and be regarded as the fair value on initial recognition of a financial asset or, when appropriate, as the cost on initial recognition of an investment in an associate or a joint venture. Difference between fair value and carrying amount should be recognized in profit or loss. All amounts recognized in other comprehensive income in relation to that subsidiary should be accounted for on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss when it loses control on that subsidiary.

2. Subsidiaries included in the consolidated financial statements:

Investor Company Name	Subsidiary Name	Business activities	Percentage owned by the Company		Details
			December 31, 2024	December 31, 2023	
The Company	Pin Shing Construction Co., Ltd.	Civil engineering and hydraulic engineering contractors	100	100	
The Company	Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	80	80	
The Company	Chengdu Huaku Real Estate Co., Ltd.	Property development	—	80	Note 1

Note 1: The Group 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 on the ability to acquire or use assets and to settle liabilities: None.
6. Information about subsidiaries of non-controlling interest that are material to the Group: None.

(IV) Foreign Currency Translation

All items on the financial statements of each entity of the Group are measured at the currency of the principal economic environment in which the entity operates (i.e. functional currency). The consolidated financial statements are presented in NTD, which is the Company's functional and the Group's presentation currency.

1. Foreign currency transaction and balance

- (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred is to be recognized in the current profit or loss.
- (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.

- (3) For non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in profit or loss; if they are measured at FVOCI, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in other comprehensive income; if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.
- (4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains and losses”.

2. Translation from foreign operations

- (1) The operating results and financial position of all entities and associates within the Group that have a functional currency different from the presentation currency are translated into the presentation currency by applying the following approaches:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the end of the financial reporting period;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. However, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(V) Classification of Current and Non-current Assets and Liabilities

The Group is engaged in subcontract construction, leasing, and sales of buildings or plants business and contract construction projects business. The operating cycle is usually longer than one year. The classification criteria for current or non-current of assets and liabilities related to the construction projects is based on the operating cycle. The classification criteria for current or non-current of other items are as follows:

1. Assets that meet one of the following criteria are classified as current assets:
 - (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (2) Liabilities held primarily for trading purposes;
 - (3) Assets that are expected to be realized within twelve months after the balance sheet date;
 - (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

The Group classifies assets not meeting the aforesaid criteria into non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
 - (1) Liabilities that are expected to be settled within the normal operating cycle;
 - (2) Liabilities held primarily for trading purposes;
 - (3) Liabilities that are expected to be settled within twelve months after the balance sheet date;
 - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

The Group classifies liabilities not meeting the aforesaid criteria into non-current liabilities.

(VI) Cash Equivalents

Cash equivalents refer to investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to a known amount of cash. Time deposits and repurchase bonds satisfying the aforementioned definition and for which the objective of holding is to meet the short-term operating cash commitment are classified as the cash equivalent.

(VII) Financial assets measured at fair value through profit or loss

1. Financial assets measured at FVTPL are financial assets that are neither carried at cost nor measured at FVTOCI.
2. The Group uses trade date accounting for financial assets at FVTPL conformed to customary transactions.

3. Financial assets at FVTPL are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.
4. The Group recognizes dividends income in profit or loss when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Group and the amount of such benefits can be reliably measured.

(VIII) Financial assets measured at amortized cost

1. Refers to those that simultaneously meet the following conditions:
 - (1) The financial asset is held within a business model whose objective is to collect contractual cash flows.
 - (2) The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the outstanding principal amount.
2. The Group holds time deposits that do not qualify as cash equivalents. Due to the short holding period and the insignificant impact of discounting, these deposits are measured at the investment amount.

(IX) Accounts Receivables and Notes Receivables

1. It refers to receivables and notes of which the contractual right to consideration for goods sold or services rendered is unconditional.
2. At initial recognition, the Group measures the financial assets at fair value. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss.

(X) Impairment of Financial Assets

The Group measures the loss allowance for financial assets and accounts receivable containing significant financial components or loan commitment and financial guarantee contract measured at amortized cost after taking into account all reasonable and proving information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the twelve-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(XI) Derecognition of Financial Assets

The Group derecognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XII) Lease Transactions for the Lessors—Operating Leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

1. Inventories including buildings and land held for construction, construction in progress, and buildings and land held for sale are initially recorded at cost. The construction profit or loss is recognized with the completed contract method. The buildings and land held for construction is transferred to the premise under construction when it is actively developed, and the related interest is capitalized during the period from the active development or construction to the completion of the work.
2. The specific land rights acquired by the Group and its right to construct residential buildings on that land are leased for the profession of the construction. It complies with the definition of IAS 2.6 and IAS 2.8 and recognizes the land use rights acquired as inventory costs.
3. At the end of the period, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(XIV) Investment Accounted for Using the Equity Method

Associates

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
2. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does

not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the change in ownership interests in the associate in "additional paid-in capital" in proportion to its ownership.
4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are adjusted, when necessary, to remain consistent with those of the Group.
5. When the Group disposes its investment in an associate and loses significant influence over this associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate are the same as the one required if the relevant assets or liabilities were directly disposed of. That is, if gain/loss previously recognized in other comprehensive income will be reclassified to profit or loss upon disposal of relevant assets or liabilities, such gain/loss will be reclassified from equity to profit or loss when the Group loses significant influence over the associate. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

Joint ventures

The Group accounts for its investment interest in joint ventures using the equity method. Unrealized gains and losses from transactions between the Group and joint ventures have been eliminated in proportion to the Group's equity interest in the joint ventures. If there is evidence indicating a decline in the net realizable value of assets or the occurrence of an impairment loss, the full amount of the loss is recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred obligations or constructive obligations or made payments on behalf of the joint venture.

(XV) Joint Operations

For interests in joint operations, the Group recognizes its direct rights to the assets, liabilities, revenues, and expenses of the joint operation (and its share thereof) and includes them in the relevant items of the financial statements.

(XVI) Property, plant, and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other amount of repairs and maintenance fee are recognized as current profit or loss when they are incurred.
3. Land is not depreciated. The cost model is applied to other property, plant and equipment, and these are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.
4. The Group reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. Except that the useful life of the real estate property is 30 years, the useful life of all other assets is 3 to 5 years.

(XVII) Lease Transactions for the Lessees—Right-of-Use Assets / Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Group. When the lease contract is a short-term lease or lease of a low-value asset, the lease payments are recognized as an expense on a straight-line basis over the lease term.
2. The lease liabilities are recognized as the present value of the lease payments that have not been paid at the lease commencement date discounted at the Group's incremental borrowing rate of interest. The lease payments include:
 - (1) Fixed payments, less any lease incentives receivable;

- (2) Variable lease payments that depend on an index or a rate;

The lease liability is measured at amortized cost using the effective interest method subsequently, and the interest expense is appropriated during the lease period. When the non-contractual modification causes a change in the lease period or lease payment, the subsequent lease liability will be reassessed, and re-measurements will be used to adjust the right-of-use assets.

3. The right-of-use asset is recognized at cost at the lease commencement date. The cost comprises:

- (1) The amount equal to the lease liability at its initial recognition;
- (2) Lease payments made at or before the commencement of the lease;
- (3) Any initial direct costs incurred by the lessee; and
- (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The subsequent measurement adopts the cost model, and depreciation expenses are recognized at the earlier of the expiration date of the right-of-use asset or the lease period. When the lease liability is reassessed, the right-of-use asset will adjust any remeasurement of the lease liability.

(XVIII) Investment Property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its economic durable service life; the useful life is 34 to 66 years.

(XIX) Impairment of Non-financial Assets

The Group assesses at each balance sheet date the recoverable amounts of those assets for which there is an indication that they are impaired. An impairment loss is recognized for the amount when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior periods no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XX) Accounts Payables and Notes Payables

1. Accounts payables and notes payables refer to the debts incurred by purchase of materials, goods, or services on credit, and the notes payables incurred by both operating and non-operating activities.
2. However, short-term accounts/notes payables without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(XXI) Financial liabilities measured at fair value through profit or loss

1. Initially recognized as a financial liability designated at fair value through profit or loss. The Group designates a financial liability as measured at fair value through profit or loss upon initial recognition when it meets one of the following conditions:
 - (1) It is a hybrid (composite) contract; or
 - (2) It can eliminate or significantly reduce measurement or recognition inconsistencies; or
 - (3) It is a tool that is managed and its performance evaluated on a fair value basis in accordance with written risk management policies.
2. Financial assets at FVTPL are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.

(XXII) Convertible bonds payable

The convertible bonds payable issued by the Company contain embedded features, including a conversion option (which allows the bondholder to convert the bonds into a fixed number of the Company's common shares at a fixed amount), a put option, and a call option. At the time of initial issuance, the issue price is allocated between financial liabilities and equity based on the terms of the issuance, as follows:

1. Embedded put and call options: Upon initial recognition, the economic characteristics and risks of the embedded derivative and the host contract are assessed based on the terms of the agreement to determine whether separation is required for accounting purposes. When the characteristics and risks are closely related, the entire hybrid instrument is treated according to the appropriate guidelines based on its nature. When the characteristics and risks are not closely related, the derivative is separated from the host contract and accounted for as a derivative, while the host contract is treated according to the appropriate guidelines based on its nature.

2. The host contract of the corporate bonds: Upon initial recognition, it is measured at fair value, and the difference between the redemption value and the fair value is recognized as a bond premium or discount. Subsequently, the effective interest method is applied, and the amortization of the premium or discount is recognized in profit or loss over the life of the bond, as an adjustment to “finance costs.”
3. The embedded conversion option (meeting the definition of equity): Upon initial recognition, the residual value after deducting the “corporate bonds payable” from the issuance amount is recorded as “capital reserve – warrants.” Subsequently, no remeasurement is performed.
4. Any direct transaction costs incurred in the issuance are allocated to the components of liabilities and equity based on their respective proportions of the original carrying amount of each component.
5. When the holder exercises the conversion option, the liability component (“corporate bonds payable”) is treated according to its subsequent measurement method. The carrying amount of the liability component, along with the carrying amount of “capital reserve – warrants,” is used as the issuance cost for converting to common shares.

(XXIII) Derecognition of Financial Liabilities

The Group derecognizes a financial liability when the obligation under the contract is performed, canceled, or expires.

(XXIV) Provisions

Provisions are prepared for warranty. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(XXV) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2. Pensions

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.

(2) Defined benefit plans

- A. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is computed by independent actuaries every year using the projected unit credit method. The discount rate employed is the market yields on government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plan.
- B. The re-measured amount of defined benefit plans is recognized in other comprehensive income as it arises and presented in retained earnings.
- C. Expenses associated with past service costs are recognized immediately in profit or loss.

3. Compensation to employees and remuneration to directors and supervisors

Compensation to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. If employee compensation is distributed by shares, the Company will calculate the number of shares based on the closing price on the day before the resolution in the Board meeting.

(XXVI) Income Tax

- 1. Income tax expense comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The income tax expenses are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. For the income tax levied on the unappropriated retained earnings in accordance with the Income Tax Act, it will be recognized as income tax for unappropriated retained earnings based on the actual distribution of surplus after the surplus distribution proposal is adopted at the shareholders' meeting in the year following the year of which the said surplus is generated.
3. Deferred income tax adopts the balance sheet approach. It is recognized as the temporary difference between the tax bases of assets and non-consolidated liabilities and their carrying amounts in the balance sheet at the reporting date. The deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit (or loss) nor gives rise to an equivalent taxable and deductible temporary difference. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVII) Distribution of Dividends

Dividends to be distributed to shareholders of the Company are recognized when they are resolved by the Board of Directors' Meeting; distribution in cash dividends is recognized

as a liability, whilst distribution in stock dividends is recognized as stock dividends to be distributed, which is transferred to common share on the date when new shares are issued.

(XXVIII) Revenue Recognition

Property sales

1. The Group is principally engaged in the subcontract construction, leasing, and sales of property, and the recognition of revenue is based on the transferring of property ownership. For the contracted sales of residential contracts, subject to the terms of the contract, the real property has no other use for the Group, but until the legal ownership of the real property is transferred to the customer, the Group has an freely enforceable right to the contractual amount and therefore revenue is recognized when ownership or use rights are transferred to the customer.
2. Part of the Group's sales contracts includes variable consideration of price concessions. The Group takes the expected value or the most probable amount as an appropriate estimate of the variable consideration.
3. 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, if the Group judges that there are significant financing components in an individual pre-sale home contract, it shall adjust the amount of the commitment consideration and recognize the interest cost. In addition, IFRS 15 states that companies should determine the significance of the financing component only at the contract level, rather than the financial level at the portfolio level.

(XXIX) Operating Segments

Information on the operating segments is reported in a manner that is consistent with other information reported in the internal management reports for the chief operating decision makers. The chief operating decision makers are responsible for allocating resources to the operating segments and assessing their performance.

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

	December 31, 2024	December 31, 2023
Cash on hand and revolving fund	\$ 315	\$ 215
Checking deposits and demand deposits	1,774,814	1,433,571
Cash equivalents		
- Time Deposits	1,700,000	—
- Bonds with repurchase agreement	279,482	79,720
	<u>\$ 3,754,611</u>	<u>\$ 1,513,506</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

	December 31, 2024	December 31, 2023
Financial products mandatorily measured at fair value through profit or loss		
- Financial products	<u>\$ 13,385</u>	<u>\$ 32,271</u>

The Group's financial assets measured at fair value through profit and loss were recognized as gains and losses in the amount of \$402 and \$3,863 in 2024 and 2023, respectively.

(III) Notes and accounts receivable

	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>

	December 31, 2023	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 55,850	\$ —	\$ —
Accounts receivable			
Within 1 year	119,838	107,895	107,895
Over 1 year (Note)	2,151,309	2,139,536	2,139,536
	<u>\$ 2,326,997</u>	<u>\$ 2,247,431</u>	<u>\$ 2,247,431</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 December 31, 2024, December 31, 2023 and January 1, 2023 were \$1,980,571, \$2,193,817, and \$2,634,486, respectively.
3. Interest income recognized by the Group in profit or loss in 2024 and 2023 was \$59,140 and \$64,123, 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 December 31, 2024 and 2023 is the carrying amount of notes and accounts receivable and long-term installment accounts receivable in each period.

6. For credit risk of notes receivables and accounts receivables, please refer to Note 12 (2).

(IV) Inventories

	December 31, 2024	December 31, 2023
<u>Buildings and land held for sale</u>		
Huaku National Landmark	\$ 628,550	\$ 732,703
Huaku Central Landmark	414,883	—
Sand River Bay	118,728	118,395
Huaku Fine Art	—	14,989
	<u>1,162,161</u>	<u>866,087</u>
Less: Allowance for valuation loss	<u>(76,051)</u>	<u>(63,533)</u>
	<u>1,086,110</u>	<u>802,554</u>
<u>Construction in progress</u>		
Huaku Asia One	6,308,144	5,192,744
Upper Mansion	4,119,237	3,768,312
Huaku Fortune One	3,678,349	3,241,397
Huaku Casa Blanca	3,535,816	2,844,392
Huaku Moon Light	2,366,585	1,891,224
Huaku Da'an Tower	1,781,581	1,196,094
Huaku Sky Tower	1,705,510	1,418,968
Huaku Mout River (formerly Renyi Street No. 57 Project)	1,573,732	—
Huaku Flourish Mansion (formerly Taichung Fengle Road Project)	1,413,866	—
Ultimate Luxury (formerly Xinyi Guangfu Urban Renewal Project)	1,186,275	—
Huaku Chih Hsing (formerly Renyi Street No. 89 Project)	993,769	—
Huaku Central Landmark	—	2,545,079
Huaku Greenside Mansion	—	1,674,089
	<u>28,662,864</u>	<u>23,772,299</u>
<u>Land held for construction</u>		
Jang Dah Beitou Project	4,167,357	2,987,690
Guangpu Hsinchu Project, Second Phase	2,098,282	2,094,173
Wenlin North Road Project III	1,863,571	—
Taichung Jingmao 5th Road Project	1,672,184	1,336,469
Taichung Chongde 10th Road Project	1,353,223	—
Jang Dah Xindian Project	693,283	664,822
Fuxing South Road Urban Renewal Project	241,061	241,061

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	December 31, 2024	December 31, 2023
Dunnan Project	198,834	198,834
Huaku Flourish Mansion (formerly Taichung Fengle Road Project)	—	1,055,967
Ultimate Luxury (formerly Xinyi Guangfu Urban Renewal Project)	—	913,411
Others	510,331	338,686
	<u>12,798,126</u>	<u>9,831,113</u>
<u>Land prepayments and others</u>		
Taichung Fengle Road Project II	\$ 1,426,248	\$ —
Huaku Mout River (formerly Renyi Street No. 57 Project)	—	1,253,682
Huaku Chih Hsing (formerly Renyi Street No. 89 Project)	—	820,086
Land and road usage volume	32,741	33,571
	<u>1,458,989</u>	<u>2,107,339</u>
Less: Allowance for valuation loss	(16,709)	(13,307)
	<u>1,442,280</u>	<u>2,094,032</u>
	<u>\$ 43,989,380</u>	<u>\$ 36,499,998</u>

1. Huaku New World

- (1) In 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 between 2017 and 2021.
- (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 years ended December 31, 2024 and 2023 was \$4,701,120 and \$10,599,491, respectively, which included the cost of goods sold \$15,920 and (\$62,480), respectively, recognized from cost adjustments to net realizable value. In 2023, 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 years ended December 31, 2024 and 2023 is \$309,658 and \$190,351, respectively, and the net interest rate margin range within the capitalized interest is 1.1%-2.65% and 1.1%-2.26%, 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:

	December 31, 2024	December 31, 2023
<u>Balance sheet</u>		
Current assets		
Accounts receivable	\$ 712	\$ 402
Inventories	1,130,897	913,238
Other current assets	159,449	127,402
	<u>1,291,058</u>	<u>1,041,042</u>
Non-current assets	1,089	—
Total assets	<u>\$ 1,292,147</u>	<u>\$ 1,041,042</u>

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	December 31, 2024	December 31, 2023
Current liabilities		
Accounts Payables and Notes Payables	26,105	6,073
Contract liabilities	167,154	—
Other current liabilities	12,969	18,334
Total liabilities	<u>\$ 206,228</u>	<u>\$ 24,407</u>

Statement of Comprehensive Income

Revenue	<u>\$ 1,702</u>	<u>\$ 291</u>
Cost	<u>\$ —</u>	<u>\$ —</u>
Expense	<u>\$ 16,200</u>	<u>\$ 789</u>

(VI) Other current assets

	December 31, 2024	December 31, 2023
Restricted bank deposits	\$ 2,674,396	\$ 1,712,332
Construction refundable deposits	339,870	326,279
Incremental costs for obtaining contracts	525,701	231,436
Other current assets	133,442	31,122
	<u>\$ 3,673,409</u>	<u>\$ 2,301,169</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

	December 31, 2024	Shareholding percentage	December 31, 2023	Shareholding percentage
Associates:				
Taiwan Digit Automated Control Co., Ltd.	\$ 31,611	40.00	\$ 32,018	40.00
Full Come Foundation Engineering Co., Ltd.	31,710	38.05	28,611	38.05
Joint ventures:				
Huapu Construction Co., Ltd.	5,151	50.00	5,400	50.00
	<u>\$ 68,472</u>		<u>\$ 66,029</u>	

- For the basic information of the Group's associates and joint ventures, please refer to Note 13 (2) for details.

- For the carrying amounts of the Group's non-significant associates and joint ventures as of December 31, 2024 and 2023, please refer to the table above; the operating results are as follows:

	2024	2023
Net income from continuing operations	\$ 11,349	\$ 16,661
Other comprehensive income	—	—
Total comprehensive income	<u>\$ 11,349</u>	<u>\$ 16,661</u>

- There are no public quotations for the investment targets of the Group. For the periods between 2024 and 2023, 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

	2024		
	Land	House and land use rights	Total
January 1	\$ 4,360	\$ 294,805	\$ 299,165
Disposal	—	(7,824)	(7,824)
Outbound transfers for the period	—	(42,151)	(42,151)
Depreciation expenses	—	(4,592)	(4,592)
Net exchange differences	—	903	903
December 31	<u>\$ 4,360</u>	<u>\$ 241,141</u>	<u>\$ 245,501</u>

	2023		
	Land	House and land use rights	Total
January 1	\$ 4,360	\$ 474,277	\$ 478,637
Disposal	—	(170,361)	(170,361)
Depreciation expenses	—	(7,654)	(7,654)
Net exchange differences	—	(1,457)	(1,457)
December 31	<u>\$ 4,360</u>	<u>\$ 294,805</u>	<u>\$ 299,165</u>

- 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:

- | | 2024 | 2023 |
|---|-----------|-----------|
| Rental revenue from investment property | \$ 10,897 | \$ 14,945 |
| Direct operating expenses incurred by investment property generating rental revenue in the current period | \$ 6,938 | \$ 9,893 |
- The fair values of investment properties held by the Group as of December 31, 2024 and 2023 were \$612,822 and \$649,143, respectively, which were classified as Level 2 fair values by reference to the appraisal results of independent appraisal specialists and the recent transaction prices of the construction of each investment property or the recent transaction prices of similar targets in the region.
 - The maturity analysis of the lease payments for the investment properties leased out by the Group under operating leases is as follows:

	December 31, 2024	December 31, 2023
Within 1 year	\$ 10,916	\$ 12,355
2 to 5 years	31,301	38,633
Over 5 years	4,627	10,276
	<u>\$ 46,844</u>	<u>\$ 61,264</u>

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

(IX) Short-term loans

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	December 31, 2023	Interest rate range	Collateral
<u>Bank loans</u>			
Secured bank loans	\$ 10,362,470	1.70%~2.63%	Inventories—buildings and land
Credit loans	1,750,000	1.75%~1.93%	None
	<u>\$ 12,112,470</u>		

(X) Short-term bills payable

Loan type	December 31, 2024	December 31, 2023
Short-term bills payable	\$ 350,000	\$ —
Less: Discount on short-term bills payable	(294)	—
Net	<u>\$ 349,706</u>	<u>\$ —</u>
Interest rate range	2.22%~2.36%	—%

(XI) Other current liabilities—others

	December 31, 2024	December 31, 2023
Warranty provisions	\$ 69,365	\$ 92,443
Payment collection	9,457	14,384
Others	33,892	78,544
	<u>\$ 112,714</u>	<u>\$ 185,371</u>

(XII) Bonds payable

Loan type	December 31, 2024	December 31, 2023
Bonds payable	\$ 6,000,000	\$ —
Less: Discount on bonds payable	(613,479)	—
Net	<u>\$ 5,386,521</u>	<u>\$ —</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. Additionally, the embedded call and put options were recognized at their fair value on initial recognition, in accordance with International Financial Reporting Standard No. 9 "Financial Instruments." The net fair value of these options was recorded under "Financial Liabilities at Fair Value Through Profit or Loss," amounting to \$41,200.

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. Additionally, the embedded call and put options were recognized at their fair value on initial recognition, in accordance with International Financial Reporting Standard No. 9 "Financial Instruments." The net fair value of these options was recorded under "Financial Liabilities at Fair Value Through Profit or Loss," amounting to \$19,400.

(XIII) Long-term loans

<u>Loan type</u>	<u>Loan period and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2024</u>
<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
"	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>

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Loan type	Loan period and repayment method	Interest rate range	Collateral	December 31, 2023
<u>Long-term bank loans</u>				
Credit loans	From June 2023 to June 2025; the interest is paid on a monthly basis	1.55%~1.93%	None	\$ 1,076,000
"	From July 2022 to July 2024; the interest is paid on a monthly basis	"	"	800,000
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	2,255,536
				4,131,536
Less: Long-term loans due within one year or one operating cycle				(1,292,600)
				<u>\$ 2,838,936</u>

The Group's unused balance of loan limit as of December 31, 2024 and 2023 were \$6,825,570 and \$10,785,130, 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 Company 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) Amounts recognized on the balance sheets are as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligation	\$ (110,214)	\$ (89,489)
Fair value of plan assets	58,123	50,808
Net defined benefit liabilities	<u>\$ (52,091)</u>	<u>\$ (38,681)</u>

- (2) Changes in net defined benefit liabilities are as follows:

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2024			
Balance as of January 1	\$ (89,489)	\$ 50,808	\$ (38,681)
Current service cost	(240)	—	(240)
Interest (expense) revenue	(1,008)	565	(443)
	<u>(90,737)</u>	<u>51,373</u>	<u>(39,364)</u>

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	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Remeasurement:			
Return on plan assets (excluding amounts included in interest revenue or expenses)	—	4,909	4,909
Effect of changes in financial assumptions	2,311	—	2,311
Experience adjustment	(21,788)	—	(21,788)
	(19,477)	4,909	(14,568)
Provision of pension funds	—	1,841	1,841
Balance as of December 31	\$ (110,214)	\$ 58,123	\$ (52,091)
2023			
Balance as of January 1	\$ (94,612)	\$ 56,238	\$ (38,374)
Current service cost	(308)	—	(308)
Interest (expense) revenue	(1,071)	613	(458)
	(95,991)	56,851	(39,140)
Remeasurement:			
Return on plan assets (excluding amounts included in interest revenue or expenses)	—	549	549
Effect of changes in financial assumptions	(256)	—	(256)
Experience adjustment	(1,032)	—	(1,032)
	(1,288)	549	(739)
Provision of pension funds	—	1,198	1,198
Payment of pension	7,790	(7,790)	—
Balance as of December 31	\$ (89,489)	\$ 50,808	\$ (38,681)

- (3) The fund asset of the Group's defined benefit pension plan ("the Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund

Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Group has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19.142. For the composition of the fair value of the Fund in total as of December 31, 2024 and 2023, please refer to the various labor pension utilization reports issued by the government.

- (4) Actuarial assumptions on pensions are summarized as follows:

	2024	2023
Discount rate	1.55%	1.15%
Future salary increases	2.00%	2.00%

The assumptions for the future mortality rate are based on the published statistics and experience of each country.

Effects of changes in the principal actuarial assumptions on present value analysis of defined benefit obligation are as follows:

	Discount rate		Future salary increases	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
December 31, 2024				
Effect on present value of defined benefit	\$ (1,403)	\$ 1,435	\$ 1,434	\$ (1,410)
December 31, 2023				
Effect on present value of defined benefit	\$ (1,269)	\$ 1,300	\$ 1,295	\$ (1,272)

The sensitivity analysis above analyzes the effect of a change in a single assumption with all other assumptions held constant. In practice, changes in many of the assumptions may be sequential. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability in the balance sheet. The methodology and assumptions used in preparing the sensitivity analysis for the current period are the same as those used in the previous period.

(5) The Group expects to make a contribution of \$483 to the pension plans for the year ended December 31, 2025.

(6) As of December 31, 2024, the pension plan's weighted average duration was 5 years. The maturity analysis of the pension payments is as follows:

Within 1 year	\$	4,701
1-2 years		9,412
2-5 years		58,622
Over 5 years		46,838
	\$	<u>119,573</u>

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 years ended December 31, 2024 and 2023, 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 years ended December 31, 2024 and 2023, the net pension costs recognized under the defined contribution plan aforementioned were \$7,171 and \$6,058, respectively.

(XV) Share capital

1. On May 29, 2024, the Company passed a resolution at the shareholders' meeting to increase capital by using undistributed earnings of \$276,813. The capital increase reference date was June 29, 2024, and the registration change has been completed with the Ministry of Economic Affairs.

2. As of December 31, 2024, 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 adjustment of the number of outstanding shares of the Company at the beginning and end of the period is as follows:

	2024	2023
January 1	276,812,726	276,812,726
Capital increase from	27,681,272	—
December 31	304,493,998	276,812,726

3. Treasury stock

- (1) The Company had no treasury stock transactions for the years ended December 31, 2024 and 2023.
- (2) As of December 31, 2024 and 2023, 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:

	December 31, 2024	December 31, 2023
Number of shares (thousand shares)	192	174
Carrying amounts	\$ 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's distribution of earnings for 2023 and 2022, as resolved by the shareholders' meeting on May 29, 2024, and May 24, 2023 is as follows:

	2023		2022	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserves	\$ 358,119		\$ 296,083	
Cash dividends	2,076,095	\$ 7.5	2,076,095	\$ 7.5
Stock dividends	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

	2024	2023
January 1	\$ 11,940	\$ 11,670
Currency translation differences:		
- The Group	30,055	338
- Tax amount of the Group	(6,011)	(68)
December 31	\$ 35,984	\$ 11,940

(XIX) Operating revenue

	2024	2023
Revenue from contract with customers	\$ 7,180,289	\$ 15,776,361
Lease revenue	32,126	28,632
	\$ 7,212,415	\$ 15,804,993

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:

2024	Sales of construction		Total
	Taiwan	China	
Timing of revenue recognition			
- Revenue recognized at a specific timing	\$ 7,178,797	\$ 1,492	\$ 7,180,289

2023	Sales of construction		Total
	Taiwan	China	
Timing of revenue recognition			
- Revenue recognized at a specific timing	\$ 15,640,450	\$ 135,911	\$ 15,776,361

2. The aggregate amount of the transaction price and the estimated recognized revenue year of the sales contract signed by the Group as of December 31, 2024, which had not yet satisfied its performance obligations, are as follows:

Estimated recognized revenue year	Amount of contracts signed
2024-2029	\$ 35,068,120

3. Contract liabilities

(1) The Group recognized contract revenues related to contract liabilities as follows:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities—			
current:			
- Advance land receipts	\$ 4,096,463	\$ 2,637,770	\$ 2,932,836
- Advance building receipts	1,915,402	1,087,310	1,714,204
	<u>\$ 6,011,865</u>	<u>\$ 3,725,080</u>	<u>\$ 4,647,040</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.

(2) Provision for opening contract liabilities:

		2024	2023
	Balance of initial contract liability recognized as revenue in the current period		
	- Construction pre-sale contract	\$ 904,115	\$ 2,943,764
(XX)	Additional information regarding the nature of expense		
		2024	2023
	Construction costs	\$ 4,626,668	\$ 10,580,880
	Employee benefit expenses	367,772	491,922
	Advertising expenses	202,989	257,813
	Taxation	54,921	47,551
	Depreciation and amortization	28,551	28,516
	Other costs and expenses	32,369	47,974
	Operating cost and operating expenses	\$ 5,313,270	\$ 11,454,656
(XXI)	Employee benefit expenses		
		2024	2023
	Salary and bonuses	\$ 293,882	\$ 387,511
	Directors' remuneration	29,184	62,523
	Labor and health insurance	20,499	16,816
	Pension expenses	7,854	6,824
	Other personnel cost	16,353	18,248
		\$ 367,772	\$ 491,922

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. For the years ended December 31, 2024 and 2023, the Company recognized compensation to employees amounted to \$57,230 and \$135,110, respectively, and remuneration to directors amounted to \$24,800 and \$58,550, respectively, all presented under payroll expense.

Based on the profitability of the year ended in 2024, it is estimated to allocate 3% and 1.3%, respectively.

The Company's 2023 employee remuneration and directors' remuneration are consistent with the amounts recognized in the financial statements for the year ended December 31, 2023.

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

	2024	2023
Interests on bank deposits	\$ 30,117	\$ 19,970
Interest income from financial assets at amortized cost	64,340	64,123
	<u>\$ 94,457</u>	<u>\$ 84,093</u>

(XXIII) Other income

	2024	2023
Advertising service income	\$ 6,679	\$ 13,628
Transferred income from accounts payable	4,484	1,559
Contract default income	3,380	—
Other income	15,500	9,851
	<u>\$ 30,043</u>	<u>\$ 25,038</u>

(XXIV) Other gains and losses

	2024	2023
Foreign Exchange Gains (Losses)	\$ 54	\$ (8,847)
Gains on Financial Asset Valuation	402	3,863
Losses on financial liabilities measured at fair value through profit or loss	(20,200)	—
Loss on disposal of investments	(27,736)	—
Loss (gain) on disposal of investment properties	(3,700)	(43,961)
Loss (gain) on disposal of property, plant, and equipment	(6)	—
Miscellaneous items	(323)	(648)
	<u>\$ (51,509)</u>	<u>\$ (49,593)</u>

(XXV) Financial cost

	2024	2023
Interest expense		
- Bank loans	\$ 363,640	\$ 261,612
- Loans secured by accounts receivable	59,156	64,178
- Amortization of convertible bonds discount	32,288	—
- Lease liabilities	341	405
Financial expenses	2,480	2,914
	457,905	329,109
Less: Amount capitalized of qualified assets	(309,658)	(190,351)
	<u>\$ 148,247</u>	<u>\$ 138,758</u>

(XXVI) Income Tax

1. Income tax expense

(1) Components of income tax expense:

	2024	2023
Current income tax:		
Income tax incurred in the current period	\$ 385,345	\$ 614,116
Land value increment tax recognized in income tax in the current period	19,495	72,670
Tax on undistributed surplus earnings	39,345	29,377
Over-estimation of prior years	(6,692)	(402)
Total current income tax	437,493	715,761
Deferred income tax:		
Recognition and reversal of temporary differences	2,591	59
Impact of the exchange differences arising from the disposal of an overseas subsidiary during the period	5,579	—
Income tax expense	<u>\$ 445,663</u>	<u>\$ 715,820</u>

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

	2024	2023
Currency translation differences	\$ (6,011)	\$ (68)
Remeasurement of defined benefit obligations	2,914	148
	<u>\$ (3,097)</u>	<u>\$ 80</u>

2. Relation between income tax expense and accounting profit:

	2024	2023
Income tax expense at the statutory rate	\$ 379,869	\$ 850,964
Effect of non-recognition by law	16,576	(12,376)
Effect from tax-exempt income	(11,100)	(224,472)
Recognition and reversal of temporary differences	2,591	59
Impact of the exchange differences arising from the disposal of an overseas subsidiary during the period	5,579	—
Tax on undistributed surplus earnings	39,345	29,377
Over-estimation of prior years	(6,692)	(402)
Land value increment tax recognized in income tax in the current period	19,495	72,670
Income tax expense	<u>\$ 445,663</u>	<u>\$ 715,820</u>

3. Deferred tax assets and liabilities resulting from temporary differences are as follows:

2024				
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets</u>				
Construction warranty reserve	\$ 6,774	\$ (2,290)	\$ —	\$ 4,484
Unrealized expenses	7,705	(70)	—	7,635
Book-tax difference in retirement pensions	1,248	(312)	—	936
Remeasurements of defined benefit plans	8,503	(23)	2,914	11,394
	<u>24,230</u>	<u>(2,695)</u>	<u>2,914</u>	<u>24,449</u>
<u>Deferred income tax liabilities</u>				
Exchange differences on translation of foreign operations	(2,986)	—	(6,011)	(8,997)
Book-tax difference in retirement pensions	(526)	103	—	(423)
	<u>(3,512)</u>	<u>103</u>	<u>(6,011)</u>	<u>(9,420)</u>
	<u>\$ 20,718</u>	<u>\$ (2,592)</u>	<u>\$ (3,097)</u>	<u>\$ 15,029</u>
2023				
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets</u>				
Construction warranty	\$ 6,245	\$ 529	\$ —	\$ 6,774
Unrealized expenses	8,207	(502)	—	7,705
Book-tax difference in	1,450	(202)	—	1,248
Remeasurements of defined benefit plans	8,355	—	148	8,503
	<u>24,257</u>	<u>(175)</u>	<u>148</u>	<u>24,230</u>
<u>Deferred income tax liabilities</u>				
Exchange differences on translation of foreign operations	(2,918)	—	(68)	(2,986)
Book-tax difference in retirement pensions	(642)	116	—	(526)
	<u>(3,560)</u>	<u>116</u>	<u>(68)</u>	<u>(3,512)</u>
	<u>\$ 20,697</u>	<u>\$ (59)</u>	<u>\$ 80</u>	<u>\$ 20,718</u>

4. The difference between the Company's finance income and taxable income is mainly caused by the tax exemption from land transaction tax.
5. The tax authorities have examined income tax returns of the Company through the year ended December 31, 2022.

(XXVII) Earnings per share

	2024		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 1,392,271	304,302	\$ 4.58
<u>Diluted earnings per share</u>			
The impact of assumed conversion of dilutive potential common stocks on employee remuneration	—	690	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	\$ 1,392,271	304,992	\$ 4.56
2023			
	2023		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 3,581,783	304,302	\$ 11.77
<u>Diluted earnings per share</u>			
The impact of assumed conversion of dilutive potential common stocks on employee remuneration	—	1,578	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	\$ 3,581,783	305,880	\$ 11.71

(XXVIII) Changes in liabilities from financing activities

	2024							
	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	\$12,112,470	\$ —	\$ —	\$ 4,131,536	\$ 27,656	\$ 28,988	\$ —	\$16,300,650
Increase during the period	18,685,857	1,250,000	6,131,722	1,538,402	16,315	—	—	27,622,296
Decrease during the period	(14,020,000)	(900,000)	—	(1,453,608)	(32,760)	(9,818)	(2,076,095)	(18,492,281)
Convertible bond conversion rights	—	—	(737,089)	—	—	—	—	(737,089)
Amortization of convertible bonds discount	—	—	32,288	—	—	—	—	32,288
Payment of interest expense (Note 1)	—	(1,962)	—	—	—	(341)	—	(2,303)
Other non-cash changes	—	1,668	(40,400)	—	—	24,753	2,076,095	2,062,116
December 31	<u>\$16,778,327</u>	<u>\$349,706</u>	<u>\$5,386,521</u>	<u>\$ 4,216,330</u>	<u>\$ 11,211</u>	<u>\$ 43,582</u>	<u>\$ —</u>	<u>\$ 26,785,677</u>

	2023							
	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	\$ 8,751,890	\$ 299,800	\$ —	\$ 5,852,212	\$ 30,685	\$ 19,287	\$ —	\$ 14,953,874
Increase during the period	14,092,580	1,850,000	—	1,107,063	42,625	—	—	17,092,268
Decrease during the period	(10,732,000)	(2,150,000)	—	(2,827,739)	(45,654)	(9,754)	(2,076,095)	(17,841,242)
Payment of interest expense (Note 1)	—	(2,213)	—	—	—	(405)	—	(2,618)
Other non-cash changes	—	2,413	—	—	—	19,860	2,076,095	2,098,368
December 31	<u>\$12,112,470</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,131,536</u>	<u>\$ 27,656</u>	<u>\$ 28,988</u>	<u>\$ —</u>	<u>\$ 16,300,650</u>

Note 1: Presentation of cash flows from operating activities.

Note 2: It includes \$1,318,265 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 \$1,292,600 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”.

VII. Related-Party Transactions

(I) Name and relationship of related parties

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Taiwan Digit Automated Control Co., Ltd.	Associates
Full Come Foundation Engineering Co.,	Associates
Huapu Construction Co., Ltd.	Associates
Liao Wei-Chieh	Relatives of key management within the
Zhong Wanqian	Relatives of key management within the second degree of kinship
Hung Sheng-En	Relatives of key management within the second degree of kinship

(II) Significant transactions between related parties

1. Sales

During the years of 2024 and 2023, 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 amount including tax were \$150,910 and \$0, respectively.

2. Purchase

	<u>2024</u>	<u>2023</u>
Associates	<u>\$ 134,588</u>	<u>\$ 155,225</u>

(1) The above transactions with associates are entrusted with contracting 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 December 31, 2024, the total price of the uncompleted project contracts signed between the Group and associates was \$414,417, and the amount of unrecognized construction payments was \$215,706.

3. Accounts payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associates	<u>\$ 63,502</u>	<u>\$ 49,530</u>

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

	2024	2023
Short-term employee benefits	\$ 71,513	\$ 157,081

VIII. Pledged Assets

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

Assets	Carrying amounts		Purpose of guarantee
	December 31, 2024	December 31, 2023	
Installment accounts receivable			Loans secured by accounts receivable
- Accounts receivable	\$ 109,717	\$ 107,895	
- Long-term notes and accounts receivable	1,761,699	2,009,036	
Other installments receivable			Loans secured by accounts receivable
- Other receivables	9,148	8,105	
- Long-term notes and accounts receivable	136,366	130,500	
Other current assets			
- Restricted bank deposits	2,674,396	1,712,332	Pre-sale construction project trust fund
Inventories	41,243,732	32,160,009	Short-term loans and commercial papers payable
Investment property	239,516	243,616	Loans secured by accounts receivable
	<u>\$ 46,174,574</u>	<u>\$ 36,371,493</u>	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- (I) As of December 31, 2024, the total value of the engineering contract signed between the Group and non-related parties amounted to \$11,438,568 and the amount not yet estimated is \$6,714,713.
- (II) As of December 31, 2024, 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.
Huaku Casa Blanca	Cathay United Bank Co., Ltd.
Upper Mansion	Cathay United Bank Co., Ltd.
Huaku Flourish Mansion	E.SUN Commercial Bank, Ltd.
	Mega International Commercial Bank Co., Ltd.
Huaku Mout River	
Huaku Chih Hsing	Mega International Commercial Bank Co.,
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

	December 31, 2024	December 31, 2023
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 13,385	\$ 32,271
Financial assets/loans and receivables measured at amortized cost		
Cash and cash equivalents	3,754,611	1,513,506
Time Deposit	2,000,000	—
Notes receivable	109,193	55,850
Accounts receivable (including long-term accounts receivable for more than one year)	2,009,318	2,271,147
Other receivables	12,566	10,997
Refundable deposits	409,809	500,745
Other financial assets	2,674,396	1,712,332
	\$ 10,969,893	\$ 6,064,577

	December 31, 2024	December 31, 2023
<u>Financial liabilities</u>		
Financial liabilities measured at amortized costs		
Short-term loans	\$ 16,778,327	\$ 12,112,470
Short-term bills payable	349,706	—
Notes payable	17,019	25,917
Accounts payable	1,851,572	1,673,490
Other payables	385,317	517,127
Bonds payable	5,386,521	—
Long-term loans (including due within one year or one operating cycle)	4,216,330	4,131,536
Guarantee deposits received	11,211	27,656
	\$ 28,996,003	\$ 18,488,196
Lease liabilities	\$ 43,582	\$ 28,988

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 December 31, 2024 and 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 the years ended December 31, 2024 and 2023 were \$54 and \$(8,847), 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 years ended December 31, 2024 and 2023, 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 2024 and 2023 is to increase or decrease of \$213,447 and \$162,440, respectively. The two payments of \$20,169 and \$22,555 in 2024 and 2023, 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 December 31, 2024 and 2023 were not significant.

D. No written-off debts with recourse existed as of December 31, 2024 and 2023.

E. The Group does not have any accounts receivable on sale.

(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:

December 31, 2024

Non-derivative financial liabilities:

	Within 1 year	1-3 years	Over 3 years
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

December 31, 2023

Non-derivative financial liabilities:

	Within 1 year	1-3 years	Over 3 years
Short-term loans	\$ 2,027,696	\$ 5,384,676	\$ 5,334,175
Accounts payable	1,133,159	304,597	235,734
Other payables	219,644	258,745	38,738
Lease liabilities	10,159	13,330	6,342
Long-term loans (including due within one year or one operating cycle)	1,201,581	704,791	—
Loans secured by accounts receivable	160,034	338,690	2,604,668

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

1. 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:

	Level 1	Level 2	Level 3	Total
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
December 31, 2023				
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss	\$ —	\$ —	\$ 32,271	\$ 32,271

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

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.

- For the years ended December 31, 2024 and 2023, there were no transfer between Level 1 and Level 2 for the Group.
- The changes in Level 3 for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
January 1	\$ 32,271	\$ 143,172
Current acquisition	43,598	943,926
Disposal in the current period	(63,300)	(1,052,197)
Currency translation differences	816	(2,630)
December 31	\$ 13,385	\$ 32,271

- 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. Marketable securities held at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to Table 1.
4. Accumulated to buy or sell the same marketable securities amount to NT\$300 million or more than 20% of the paid-in capital: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 2.
6. Disposal of real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 3.
7. 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 4.
8. Receivables from related parties amounted to at least NT\$100 million or exceeding 20% of paid-in capital: Please refer to Table 5.
9. Information on the derivative financial instrument transactions: None.
10. Parent-subsidiary and subsidiary-subsidiary business relations and significant transactions and amounts thereof: Please refer to Table 6.

(II) Related information on investees

Name, location, and information on investee companies (not including investee companies in mainland China): Please refer to Table 7.

(III) Information on investments in mainland China

1. Investee information: Please refer to Table 8.
2. Significant transactions with investee companies in mainland China, either directly or indirectly via a third region: None.

(IV) Information on major shareholders

Name, number of shares and percentage of ownership of shareholders with a shareholder percentage of at least 5%: Please refer to Table 9.

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) Measurement of segment information

The Group's operating decision makers evaluate the performance of the operating segments based on net profit after taxes and serve as a basis for measuring performance.

(III) Segment information on profit or loss and assets

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

	2024			
	Taiwan	China	Adjustment and elimination	Total
Net external revenue	\$ 7,208,986	\$ 3,429	\$ —	\$ 7,212,415
Internal segment revenue	3,983,287	—	(3,983,287)	—
Segment revenue	<u>\$ 11,192,273</u>	<u>\$ 3,429</u>	<u>\$ (3,983,287)</u>	<u>\$ 7,212,415</u>
Segment income or loss	<u>\$ 1,472,608</u>	<u>\$ (13,473)</u>	<u>\$ (69,560)</u>	<u>\$ 1,389,575</u>
Depreciation and amortization	<u>\$ (28,059)</u>	<u>\$ (492)</u>	<u>\$ —</u>	<u>\$ (28,551)</u>
Income tax expense	<u>\$ (450,395)</u>	<u>\$ 4,732</u>	<u>\$ —</u>	<u>\$ (445,663)</u>
Investment profit and loss accounted for using the equity method	<u>\$ 11,349</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,349</u>
Segment assets	<u>\$ 56,444,750</u>	<u>\$ 57,940</u>	<u>\$ —</u>	<u>\$ 56,502,690</u>
Segment liabilities	<u>\$ 35,636,020</u>	<u>\$ 14,387</u>	<u>\$ —</u>	<u>\$ 35,650,407</u>

	2023			
	Taiwan	China	Adjustment and elimination	Total
Net external revenue	\$ 15,661,661	\$ 143,332	\$ —	\$ 15,804,993
Internal segment revenue	2,830,070	—	(2,830,070)	—
Segment revenue	<u>\$ 18,491,731</u>	<u>\$ 143,332</u>	<u>\$ (2,830,070)</u>	<u>\$ 15,804,993</u>
Segment income or loss	<u>\$ 3,610,679</u>	<u>\$ (49,126)</u>	<u>\$ 10,405</u>	<u>\$ 3,571,958</u>
Depreciation and amortization	<u>\$ (24,962)</u>	<u>\$ (3,554)</u>	<u>\$ —</u>	<u>\$ (28,516)</u>
Income tax expense	<u>\$ (733,739)</u>	<u>\$ 17,919</u>	<u>\$ —</u>	<u>\$ (715,820)</u>
Investment profit and loss accounted for using the equity method	<u>\$ 16,661</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,661</u>
Segment assets	<u>\$ 43,438,344</u>	<u>\$ 153,767</u>	<u>\$ —</u>	<u>\$ 43,592,111</u>
Segment liabilities	<u>\$ 22,735,548</u>	<u>\$ 61,326</u>	<u>\$ —</u>	<u>\$ 22,796,874</u>

(IV) 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.

(V) Information on products and services

The Group's major revenue for the years ended December 31, 2024 and 2023 were derived from external customers for the sale of real estate.

(VI) Regional information

Regional information of the Group for the years ended December 31, 2024 and 2023 is as follows:

	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 7,208,986	\$ 2,539,907	\$ 15,661,661	\$ 2,807,853
China	3,429	1,715	143,332	51,275
Total	<u>\$ 7,212,415</u>	<u>\$ 2,541,622</u>	<u>\$ 15,804,993</u>	<u>\$ 2,859,128</u>

(VII) Major client information

Information on the Group's major clients for the years ended December 31, 2024 and 2023 is as follows:

	2024		2023	
	Revenue	Segment	Revenue	Segment
Company A	\$ —	—	\$ 4,500,219	Taiwan
(以下空白)				

Huaku Development Co., Ltd.
Marketable Securities Held at the End of the Period (Excluding Subsidiaries, Associates and Joint Ventures)
December 31, 2024

Table 1. Unit: NT\$ thousands
(Unless specified otherwise)

Holder company	Type and name of marketable securities	Relationship with the security issuer (Note 1)	Financial statement account	End of the period				
				Shares	Carrying amounts (Note 2)	Shareholding percentage	Fair value	Note
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Financial asset measured at fair value through profit and loss—current	191,789	\$ 1,388	0.06	\$ 21,864	Note 3
			Adjustment of valuation		20,476			
					<u>\$ 21,864</u>			
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Financial products	None	Financial asset measured at fair value through profit and loss—current		<u>\$ 13,385</u>		<u>\$ 13,385</u>	

Note 1: If the securities issuer is not a related party, the field may be left blank.

Note 2: For securities measured at fair value, the carrying amount is the balance after the adjustment of fair value valuation and the deduction of accumulative impairment. For securities not measured at fair value, the carrying amount is the balance of the original acquisition cost or amortized cost less accumulated impairment.

Note 3: Listed as treasury stock.

Huaku Development Co., Ltd.
Acquisition of Real Estate Reaching NT\$300 Million or 20% of Paid-in Capital or More
January 1 to December 31, 2024

Table 2. Unit: NT\$ thousands
(Unless specified otherwise)

Real estate acquired by company	Name of property	Date of occurrence	Transaction amount	Payment status	Counterparty	Relationship	Information on prior transaction if the counterparty is related				Reference for price determination	Purpose of Acquisition and Usage Conditions	Others Agreement terms
							Owner	Relationship with the issuer	Transfer date	Amount			
Huaku Development Co., Ltd.	Inventories - land ("Jang Dah Beitou Project")	2022.12.26	\$2,820,000	\$ 2,820,000 (Note)	Jang Dah Fiber Industrial Co., Ltd.	None	N/A	N/A	N/A	N/A	Cushman & Wakefield Real Estate Appraisers Firm's appraisal amount for the project is \$2,830,579. LinkU Real Estate Appraisers Firm's appraisal amount for the project is \$2,845,734.	Construction land	N/A
Huaku Development Co., Ltd.	Inventory - Land ("Huaku Flourish Mansion")	2024.06.12	301,076	301,076	Taichung City Government	None	N/A	N/A	N/A	N/A	N/A	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land ("Wenlin North Road Project III")	2024.04.19	1,800,000	1,800,000	Mr. A and B at Chiachao Investment Co., Ltd.	None	N/A	N/A	N/A	N/A	Cushman & Wakefield Real Estate Appraisers Firm's appraisal amount for the project is \$1,809,331. Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is \$1,804,062.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land ("Taichung Chongde 10th Road Project")	2024.04.26	1,060,964	1,060,964	21 individuals; Shangching Land Development Co., Ltd. and Mr. C	None	N/A	N/A	N/A	N/A	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$1,116,660. Euro-Asia Real Estate Appraisers Firm's appraisal amount for the project is \$1,062,188.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land ("Taichung Fengle Road Project II")	2024.08.14	1,371,100	1,371,100	5 individuals; Tripodking International Dining Limited Liability Company and Mr. D	None	N/A	N/A	N/A	N/A	Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is \$1,401,232 Cushman & Wakefield Real Estate Appraisers Firm's appraisal amount for the project is \$1,384,141	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land ("Jang Dah Beitou Project")	2024.11.04	933,960	933,960	Taichung City Government	None	N/A	N/A	N/A	N/A	N/A	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land ("Taichung Jingmao 5th Road Project")	2024.12.09	321,949	321,949	Taichung City Government	None	N/A	N/A	N/A	N/A	N/A	Construction land	N/A

Note: The Group has contractually paid \$705,000, and \$1,974,000 in 2022 and 2023. The remaining \$141,000 was paid in the current period.

Huaku Development Co., Ltd.
Disposal of Real Estate Properties at Prices of at Least NT\$300 Million or 20% of the Paid-in Capital
January 1 to December 31, 2024

Table 3.

Unit: NT\$ thousands

(Unless specified otherwise)

Company that disposed real estate	Name of property	Transaction date / Date of occurrence of the event	Original acquisition date	Carrying amount	Transaction amount	Price collection status (collected per contracts)	Gain (Loss) on disposal	Counterparty	Relationship	Purpose of disposal	Reference for price determination	Other agreement terms
Huaku Development Co., Ltd.	Inventory - premises for sale	2023.08.09	Not applicable due to inventory sold	N/A	\$ 635,000	\$ 190,500 (Note 1)	N/A	CASwell, Inc.	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$665,223.	Please refer to Note 6 (4) 4
Huaku Development Co., Ltd.	Inventory - premises under construction	2023.09.28~2024.03.25	Not applicable due to inventory sold	N/A	575,700	575,700 (Note 2)	N/A	EverBridge International Co., Ltd.	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$582,211.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	2023.11.17	Not applicable due to inventory sold	N/A	485,000	485,000 (Note 3)	N/A	Mr. A	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$870,680.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	2023.12.05~2024.06.26	Not applicable due to inventory sold	N/A	848,000	568,020 (Note 4)	N/A	SINTRONES Technology Corp.	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$4,322,012.	Please refer to Note 6 (4) 4
Huaku Development Co., Ltd.	Inventory - premises under construction	2023.12.28~2024.01.31	Not applicable due to inventory sold	N/A	514,000	514,000 (Note 5)	N/A	Dailywell Electronics Co., Ltd.	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$519,523.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	2024.01.19	Not applicable due to inventory sold	N/A	504,380	504,380	N/A	Goldkey Technology Corporation	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$509,792.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	2024.04.01~2024.05.31	Not applicable due to inventory sold	N/A	320,660	171,860	N/A	Mr. B	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$322,582.	Please refer to Note 6 (4) 4

Note 1: The Group has received \$190,500 during the year 2023.

Note 2: The Group has received \$54,200 during the year 2023 and \$521,500 during the current period.

Note 3: The Group has received \$67,400 during the year 2023 and \$417,600 during the current period.

Note 4: The Group has received \$69,190 during the year 2023 and \$498,830 during the current period.

Note 5: The Group has received \$56,090 during the year 2023 and \$457,910 during the current period.

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 December 31, 2024

Table 4.

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)		Note
			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)	
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Subsidiary	Purchase	\$ 3,616,856	31	Within 120 days	Contract-based pricing	One month or 45 days for general suppliers	\$ (1,336,052)	79	
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Sales	(3,658,111)	100	Within 120 days	Contract-based pricing	Monthly settlement within 30 days for general	1,336,052	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 December 31, 2024

Table 5. 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	\$ 1,336,052	Note	\$ —	—	\$ 893,787	\$ —

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 and Amounts Thereof
January 1 to December 31, 2024

Table 6.

Unit: NT\$ thousands
(Unless specified otherwise)

No. (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	\$ 3,616,856	Contract-based pricing within 120 days	50
0	Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Accounts payable	1,336,052	Contract-based pricing within 120 days	2
1	Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Sales	3,658,111	Contract-based pricing within 120 days	51
1	Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Accounts receivable	1,336,052	Contract-based pricing within 120 days	2

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 December 31, 2024

Table 7.

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	\$ 264,184	70,000,000	100	\$ 771,037	\$ 80,339	\$ (33,021)	Subsidiary
Huaku Development Co., Ltd.	Taiwan Digit Automated Control Co., Ltd.	Taiwan	Engineering monitoring	8,000	8,000	800,000	40	31,611	15,418	5,993	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	5,151	29	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	31,710	13,321	5,344	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 December 31, 2024

Table 8.

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
					Remitted	Recovered							
Chengdu Huaku Real Estate Co., Ltd.	Property development	\$ 22,390	Note 1	\$ 46,638	\$ —	\$ —	\$ 46,638	\$ (3,127)	—	\$ (2,502)	\$ —	\$ 73,410	Note 3
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	2,239	Note 1	—	—	—	—	(10,346)	80	(8,277)	34,843	346,784	Note 4
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.	\$ 46,638	\$ 917,352	\$ 12,511,370										

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

Note 2: Based on the valuation and disclosure of the company's financial statements audited by a CPA in the same period.

Note 3: On April 20, 2018, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 35 million. In March 2019, all the company's holdings of RMB 28 million had been fully remitted back.

In addition, on April 23, 2019, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 20 million. In August 2019, all the company's holdings of RMB 16 million had been fully remitted back.

In addition, on April 26, 2022, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 20 million. In June 2022, all the company's holdings of RMB 16 million had been fully remitted back.

In addition, on May 19, 2023, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 60 million. In June 2023, all the company's holdings of RMB 48 million had been fully remitted back.

In addition, on October 24, 2023, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 10 million. In November 2023, all the company's holdings of RMB 8 million had been fully remitted back.

On May 8, 2024, the Company's Board of Directors resolved to dispose of all shares held in the company to non-related parties. The transaction amount was fully recovered on July 18, 2024.

Note 4: 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.

Huaku Development Co., Ltd.
Information on Major Shareholders
December 31, 2024

Table 9.

Shareholder's name	Shares (Note)	
	Number of shares	Shareholding percentage
Zhongshan Investment Co., Ltd.	21,582,000	7.08 %
Newland Investment Co., Ltd.	16,160,080	5.30 %

Note: The above information is provided by Taiwan Depository & Clearing Corporation.