

HUAKU DEVELOPMENT CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
Nine Months Ended September 30, 2023 and 2022
(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' Review Report for the
Nine Months Ended September 30, 2023 and 2022
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Independent Auditors' Review Report

(112) Cai-Shen-Bao-Zi No. 23001916

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 September 30, 2023 and 2022, the Consolidated Statement of Comprehensive Income for the three months and six months ended September 30, 2023 and 2022, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes for Consolidated Financial Statements (including Statements on Significant Accounting Policies and Their Summary) for the six months ended September 30, 2023 and 2022. Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standards (IAS) No. 34, “Interim Financial Reporting” as endorsed and issued into effect by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on these interim Consolidated Financial Statements based on our review.

Except as stated in the section of basis for qualified conclusion, we conducted our review in accordance with the Standards on Review Engagements of the Republic of China No. 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of Consolidated Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As explained in Notes 4 (3) and 6 (6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under the equity method were not reviewed by the independent auditors. The amounts of total assets (including investment accounted for using equity method) in the aforementioned companies were NT\$346,471 thousand and NT\$717,410 thousand as of September 30, 2023 and 2022, which constituted 0.82% and 1.83% of consolidated total assets, respectively. The amounts of total liabilities were NT\$168,641 thousand and NT\$110,181 thousand, accounting for 0.73% and 0.56% of consolidated total liabilities. For the aforementioned companies, the recognized comprehensive income were NT\$13,772 thousand, NT\$13,975 thousand, NT\$(15,095) thousand and NT\$36,897 thousand for the three months and six months ended September 30, 2023 and 2022, which constituted 2.20%, 5.08%, (0.72)% and 1.22% of consolidated total comprehensive income, respectively.

Based on our review, except for the possible effects of the matter described in the basis for qualified conclusion section of our report, nothing has come to our attention that caused us to believe that the aforementioned Consolidated Financial Statements do not present fairly, in all material respects, the consolidated financial position of Huaku Development Group as of September 30, 2023 and 2022, and its consolidated financial performance for the three months and six months ended September 30, 2023 and 2022 and consolidated cash flows for the six months ended September 30, 2023 and 2022 in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (IAS) No. 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission.

PwC Taiwan

Hsiao, Chun-Yuan

CPA

Lin, Se-Kai

Former Securities and Futures Bureau, FSC

Approved Document, Reference No.: FSC Zheng-Sixth-Zi No. 0960042326

FSC Zheng-Sixth-Zi No.

0960072936

November 1, 2023

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheet
September 30, 2023, December 31, 2022 and September 30, 2022

Unit: NT\$ thousands

Assets		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6 (1)	\$ 1,357,761	3	\$ 1,699,161	4	\$ 2,026,977	5
1110	Financial asset measured at fair value through profit or loss—current	6 (2)	90,993	-	143,172	1	103,908	-
1150	Notes receivable, net	6 (3)	52,877	-	5,167	-	12,540	-
1170	Accounts receivable, net	6 (3) (11) and 8	125,929	1	139,016	-	146,025	1
1200	Other receivables	6 (11) and 8	45,696	-	12,037	-	50,048	-
130X	Inventories	6 (4) and 8	35,164,304	83	34,176,402	82	31,485,054	80
1410	Prepayments		180,639	1	92,266	-	149,841	1
1470	Other current assets	6 (5) and 8	2,229,922	5	1,846,617	5	1,645,946	4
11XX	Total current assets		39,248,121	93	38,113,838	92	35,620,339	91
Non-current assets								
1550	Investment accounted for using the equity method	6 (6)	57,352	-	44,611	-	43,924	-
1600	Property, plant, and equipment		201,915	-	207,114	1	207,875	1
1755	Right-of-use assets		31,141	-	19,056	-	21,498	-
1760	Investment properties, net	6 (7) and 8	314,020	1	478,637	1	503,647	1
1840	Deferred income tax assets		22,629	-	24,257	-	24,069	-
1900	Other non-current assets	6 (3) (11) and 8	2,411,601	6	2,671,708	6	2,775,657	7
15XX	Total non-current assets		3,038,658	7	3,445,383	8	3,576,670	9
1XXX	Total assets		\$ 42,286,779	100	\$ 41,559,221	100	\$ 39,197,009	100

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HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheet
September 30, 2023, December 31, 2022 and September 30, 2022

Unit: NT\$ thousands

Liability and equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
Current liabilities							
2100 Short-term loans	6 (8)	\$ 10,621,890	25	\$ 8,751,890	21	\$ 6,771,900	17
2110 Short-term notes and bills payable	6 (9)	299,707	1	299,800	1	931,744	3
2130 Contract liabilities—current	6 (17)	4,635,049	11	4,647,040	11	3,263,199	8
2150 Notes payable		5,245	-	12,371	-	6,845	-
2170 Accounts payable	7	1,238,521	3	1,301,254	3	1,191,500	3
2200 Other payables		414,304	1	487,041	1	523,905	1
2230 Current income tax liabilities		89,522	-	444,345	1	444,993	1
2280 Lease liabilities—current		13,009	-	11,486	-	12,973	-
2320 Long-term liabilities due within one year OF one operating cycle	6 (11)	2,233,279	5	2,563,626	6	2,754,999	7
2399 Other current liabilities—others	6 (10)	234,907	1	295,266	1	252,694	1
21XX Total current liabilities		<u>19,785,433</u>	<u>47</u>	<u>18,814,119</u>	<u>45</u>	<u>16,154,752</u>	<u>41</u>
Non-current liabilities							
2540 Long-term loans	6 (11)	3,080,470	7	3,288,586	8	3,483,125	9
2570 Deferred income tax liabilities		3,860	-	3,560	-	4,869	-
2580 Lease liabilities—non-current		18,416	-	7,801	-	8,757	-
2600 Other non-current liabilities	6 (4) (12)	<u>69,025</u>	<u>-</u>	<u>73,653</u>	<u>-</u>	<u>104,203</u>	<u>-</u>
25XX Total non-current liabilities		<u>3,171,771</u>	<u>7</u>	<u>3,373,600</u>	<u>8</u>	<u>3,600,954</u>	<u>9</u>
2XXX Total liabilities		<u>22,957,204</u>	<u>54</u>	<u>22,187,719</u>	<u>53</u>	<u>19,755,706</u>	<u>50</u>
Equity attributable to owners of the parent company							
Share capital	6 (13)						
3110 Share capital from common stock		2,768,127	7	2,768,127	7	2,768,127	7
Additional paid-in capital	6 (14)						
3200 Additional paid-in capital		80,727	-	78,986	-	78,986	-
Retained earnings	6 (15)						
3310 Legal reserves		4,297,756	10	4,001,673	10	4,001,673	11
3350 Unappropriated retained earnings		12,146,503	29	12,410,036	30	12,463,917	32
Other equity interest	6 (16)						
3400 Other equity interest		13,216	-	11,670	-	16,789	-
3500 Treasury stocks	6 (13)	(850)	-	(850)	-	(850)	-
31XX Total equity attributable to owners of the parent company		<u>19,305,479</u>	<u>46</u>	<u>19,269,642</u>	<u>47</u>	<u>19,328,642</u>	<u>50</u>
36XX Non-controlling interests		<u>24,096</u>	<u>-</u>	<u>101,860</u>	<u>-</u>	<u>112,661</u>	<u>-</u>
3XXX Total equity		<u>19,329,575</u>	<u>46</u>	<u>19,371,502</u>	<u>47</u>	<u>19,441,303</u>	<u>50</u>
Material commitments and contingencies	9						
3X2X Total liabilities and equity		\$ 42,286,779	100	\$ 41,559,221	100	\$ 39,197,009	100

The Notes to the Consolidated Financial Statements are part of the Consolidated Financial Statements and should be read together.

Chairman: Chung, Long-Chang

Manager: Jason Hung

Accounting Supervisor : Liu, Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

Nine Months Ended September 30, 2023 and 2022

Unit: NT\$ thousands

(except for earnings per share in New Taiwan Dollars)

Items		Notes	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022		Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6 (17)	\$ 2,884,859	100	\$ 1,754,056	100	\$ 9,204,031	100	\$ 14,469,218	100
5000	Operating costs	6 (18) (19) and 7	(2,047,830)	(71)	(1,185,925)	(68)	(5,984,257)	(65)	(9,821,029)	(68)
5900	Gross profit		<u>837,029</u>	<u>29</u>	<u>568,131</u>	<u>32</u>	<u>3,219,774</u>	<u>35</u>	<u>4,648,189</u>	<u>32</u>
	Operating expenses	6 (18) (19) and 7								
6100	Selling expenses		(51,248)	(2)	(114,794)	(6)	(211,575)	(2)	(379,577)	(3)
6200	Administrative expenses		(112,614)	(4)	(102,396)	(6)	(388,849)	(4)	(511,614)	(3)
6000	Total operational expenses		(163,862)	(6)	(217,190)	(12)	(600,424)	(6)	(891,191)	(6)
6900	Operating profit		<u>673,167</u>	<u>23</u>	<u>350,941</u>	<u>20</u>	<u>2,619,350</u>	<u>29</u>	<u>3,756,998</u>	<u>26</u>
	Non-operating income and expenses									
7100	Interest income	6 (20)	17,210	1	17,091	1	58,956	1	46,543	-
7010	Other income	6 (21)	4,974	-	8,831	1	18,792	-	35,844	-
7020	Other gains and losses		702	-	103	-	(46,352)	(1)	1,346	-
7050	Financial cost	6 (22)	(31,344)	(1)	(28,383)	(2)	(99,979)	(1)	(74,767)	-
7060	Share of profit (loss) of associates and joint ventures	6 (6)								
	accounted for using the equity method		<u>2,664</u>	<u>-</u>	<u>2,957</u>	<u>-</u>	<u>7,982</u>	<u>-</u>	<u>7,060</u>	<u>-</u>
7000	Total non-operating income and expenses		(5,794)	-	599	-	(60,601)	(1)	16,026	-
7900	Pre-tax profit		<u>667,373</u>	<u>23</u>	<u>351,540</u>	<u>20</u>	<u>2,558,749</u>	<u>28</u>	<u>3,773,024</u>	<u>26</u>
7950	Income tax expense	6 (23)	(44,702)	(1)	(80,041)	(4)	(454,719)	(5)	(752,348)	(5)
8200	Net income		<u>\$ 622,671</u>	<u>22</u>	<u>\$ 271,499</u>	<u>16</u>	<u>\$ 2,104,030</u>	<u>23</u>	<u>\$ 3,020,676</u>	<u>21</u>

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HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

Nine Months Ended September 30, 2023 and 2022

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

Items	Notes	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022		Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
Other comprehensive income (net)									
Other comprehensive income									
Items that may be reclassified to profit or loss									
8361 Exchange differences on translation of foreign financial statements		\$ 5,083	-	\$ 4,302	-	\$ 2,415	-	\$ 16,723	-
8399 Income tax associated with items that may be reclassified	6 (16) (23)	(813)	-	(689)	-	(386)	-	(2,676)	-
8360 Total amount of items that may be reclassified to profit of loss		4,270	-	3,613	-	2,029	-	14,047	-
8300 Other comprehensive income (net)		\$ 4,270	-	\$ 3,613	-	\$ 2,029	-	\$ 14,047	-
8500 Total comprehensive income		\$ 626,941	22	\$ 275,112	16	\$ 2,106,059	23	\$ 3,034,723	21
Profit attributable to:									
8610 Owners of parent company		\$ 620,449	22	\$ 269,296	16	\$ 2,108,645	23	\$ 3,014,709	21
8620 Non-controlling interests		2,222	-	2,203	-	(4,615)	-	5,967	-
		\$ 622,671	22	\$ 271,499	16	\$ 2,104,030	23	\$ 3,020,676	21
Total comprehensive income attributable to:									
8710 Owners of parent company		\$ 623,702	22	\$ 272,049	16	\$ 2,110,191	23	\$ 3,025,411	21
8720 Non-controlling interests		3,239	-	3,063	-	(4,132)	-	9,312	-
		\$ 626,941	22	\$ 275,112	16	\$ 2,106,059	23	\$ 3,034,723	21
Basic earnings per share	6 (24)								
9750 Total basic earnings per share		\$ 2.24		\$ 0.97		\$ 7.62		\$ 10.90	
Diluted earnings per share	6 (24)								
9850 Total diluted earnings per share		\$ 2.24		\$ 0.97		\$ 7.59		\$ 10.83	

The Notes to the Consolidated Financial Statements are part of the Consolidated Financial Statements and should be read together.

Chairman: Chung, Long-Chang

Manager: Jason Hung

Accounting Supervisor : Liu, Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
Nine Months Ended September 30, 2023 and 2022

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
Notes	Share capital from common stock	Premium of convertible corporate bonds	Treasury stock transaction	Others	Legal reserves	Unappropriated retained earnings						
<u>Nine Months Ended September 30, 2022</u>												
		\$ 2,768,127	\$ 46,100	\$ 29,944	\$ 1,634	\$ 3,709,291	\$ 11,817,684	\$ 6,087	(\$ 850)	\$ 18,378,017	\$ 134,834	\$ 18,512,851
		-	-	-	-	-	3,014,709	-	-	3,014,709	5,967	3,020,676
	6 (16)	-	-	-	-	-	-	10,702	-	10,702	3,345	14,047
		-	-	-	-	-	3,014,709	10,702	-	3,025,411	9,312	3,034,723
	6 (15)											
		-	-	-	-	292,382	(292,382)	-	-	-	-	-
		-	-	-	-	-	(2,076,094)	-	-	(2,076,094)	-	(2,076,094)
		-	-	1,308	-	-	-	-	-	1,308	-	1,308
		-	-	-	-	-	-	-	-	-	(31,485)	(31,485)
		\$ 2,768,127	\$ 46,100	\$ 31,252	\$ 1,634	\$ 4,001,673	\$ 12,463,917	\$ 16,789	(\$ 850)	\$ 19,328,642	\$ 112,661	\$ 19,441,303
<u>Nine Months Ended September 30, 2023</u>												
		\$ 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
		-	-	-	-	-	2,108,645	-	-	2,108,645	(4,615)	2,104,030
	6 (16)	-	-	-	-	-	-	1,546	-	1,546	483	2,029
		-	-	-	-	-	2,108,645	1,546	-	2,110,191	(4,132)	2,106,059
	6 (15)											
		-	-	-	-	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	\$ 12,146,503	\$ 13,216	(\$ 850)	\$ 19,305,479	\$ 24,096	\$ 19,329,575

The Notes to the Consolidated Financial Statements are part of the Consolidated Financial Statements and should be read together.

Chairman: Chung, Long-Chang

Manager: Jason Hung

Accounting Supervisor : Liu, Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Nine Months Ended September 30, 2023 and 2022

Unit: NT\$ thousands

	<u>Notes</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Cash flow from operating activities			
Current net profit before tax		\$ 2,558,749	\$ 3,773,024
Adjusted items			
Income and expense items			
Share of profits (losses) of associates accounted for using the equity method	6 (6)	(7,982)	(7,060)
Amortization	6 (18)	1,674	1,409
Depreciation expenses	6 (18)	20,131	20,751
Interest expense	6 (22)	99,979	74,767
Interest income	6 (20)	(58,956)	(46,543)
Loss on disposal of property, plant and equipment		-	7
Loss on disposal of investment property		40,665	-
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		52,179	64,465
Notes and accounts receivable, net		(43,001)	(8,112)
Other receivables		(33,659)	(23,171)
Inventories		(846,219)	3,155,859
Prepayments		(88,373)	(121,490)
Restricted deposits		(390,289)	(158,319)
Other current assets		89,051	30,222
Changes in deferred income tax assets		1,629	-
Long-term installment accounts receivable		269,963	286,094
Net change in liabilities relating to operating activities			
Notes payable		(7,126)	(10,408)
Accounts payable		(62,733)	(126,142)
Other payables		(72,737)	56,538
Contract liabilities		(11,991)	(462,841)
Advance receipts		8,115	(3,669)
Other current liabilities		(68,474)	(28,997)
Other non-current liabilities		(615)	517
Deferred income tax liabilities—current		299	2,589
Realized amount of unrealized revenue within this period		(4,596)	(21,793)
Cash inflow generated from operations		1,445,683	6,463,921
Dividends received		5,600	4,193
Interest received	6 (20)	58,956	46,543
Interest paid		(241,663)	(171,925)
Income tax paid		(807,989)	(821,448)
Cash inflow from operating activities, net		460,587	5,521,284
Cash flow from investment activities			
Investment accounted for using the equity method		(9,925)	-
Proceeds from acquisition of property, plant, and equipment		(1,413)	(10,592)
Proceeds from disposal of investment property		117,389	-
Decrease in other non-current assets		410	7,461
Increase in refundable deposits		(142,881)	(116,814)
Decrease in refundable deposits		57,251	38,149
Cash (outflow) inflow from investment activities, net		20,831	(81,796)
Cash flow from financing activities			
Increase in short-term loans	6 (25)	4,330,000	12,861,900
Decrease in short-term loans	6 (25)	(2,460,000)	(14,942,000)
Increase in short-term bills payable	6 (25)	1,850,000	4,306,000
Decrease in short-term bills payable	6 (25)	(1,850,000)	(5,606,000)
Long-term loans borrowed	6 (25)	2,107,062	2,042,952
Long-term loans repaid	6 (25)	(2,645,525)	(2,389,045)
Increase in guarantee deposits received	6 (25)	24,625	61,514
Decrease in guarantee deposits received	6 (25)	(24,042)	(34,007)
Redemption of lease principal	6 (25)	(7,265)	(7,320)
Changes in non-controlling interests		(73,632)	(31,485)
Cash dividends paid—parent company	6(15)(25)	(2,076,095)	(2,076,094)
Cash outflow from financing activities, net		(824,872)	(5,813,585)
Impacts on cash and cash equivalents from changes in exchange rates		2,054	8,094
Increase in cash and cash equivalents for the period		(341,400)	(366,003)
Cash and cash equivalents at the beginning of the period		1,699,161	2,392,980
Cash and cash equivalents at the end of the period		\$ 1,357,761	\$ 2,026,977

The Notes to the Consolidated Financial Statements are part of the Consolidated Financial Statements and should be read together.

Chairman: Chung, Long-Chang

Manager: Jason Hung

Accounting Supervisor : Liu, Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Notes for Consolidated Financial Statements

Nine Months Ended September 30, 2023 and 2022

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. Approval Date and Procedure of Financial Statements

The consolidated financial statements were approved and issued on November 1, 2023 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")

1. 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 2023:

<u>New standards, interpretations and amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	May 23, 2023

2. 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

1. The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed 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 "Classify Debt 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

2. 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

1. 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:

<u>New standards, interpretations and amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by 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
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

2. 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.

IV. Statements on Significant Accounting Policies and Their Summary

The significant accounting policies adopted are consistent with Note 4 in the Consolidated Financial Statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Statement of Compliance

1. The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standards (IAS) No. 34, "Interim Financial Reporting" endorsed and issued into effect by the FSC.
2. These Consolidated Financial Statements should be read along with the Consolidated Financial Statements for the year ended December 31, 2022.

(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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively referred herein as the "IFRSs") endorsed and issued into effect by the FSC. It also requires management to exercise their judgment in the process of applying the Group's accounting policies. For the items involving a high degree of judgment or complexity, or the items involving significant assumptions and estimates in the Consolidated Financial Statements, please refer to Note 5 for details.

(III) Basis of Consolidation

1. Basis for preparation of Consolidated Financial Statements:

The basis for preparation of Consolidated Financial Statements applied in these Consolidated Financial Statements are consistent with those applied in the Consolidated Financial Statements for the year ended December 31, 2022.

2. Subsidiaries included in the consolidated financial statements:

Investor Company	Name of subsidiaries	Business activities	Percentage owned by the Company		
			September 30, 2023	December 31, 2022	September 30, 2022
The Company	Pin Shing Construction Co., Ltd.	Civil engineering and hydraulic engineering contractors	100	100	100
The Company	Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	80	80	80
The Company	Chengdu Huaku Real Estate Co., Ltd.	Property development	80	80	80

Except for Pin Shing Construction Co., Ltd., whose financial statements have been reviewed by the independent auditors, the remaining subsidiaries did not meet the definition of significant subsidiaries and hence their financial statements for the nine months ended September 30, 2023 and 2022 were not reviewed by the independent auditors.

- Subsidiaries that are not included into the consolidated financial statements: None.
- Adjustments and treatment methods for different accounting periods of subsidiaries: None.
- Significant limitation on the ability to acquire or use assets and to settle liabilities: None.
- Information about subsidiaries of non-controlling interest that are material to the Group: None.

(IV) Pensions

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year. It is adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. The related information is disclosed in accordance with the aforementioned policies.

(V) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed in accordance with the aforementioned policies.

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

When preparing the consolidated financial statements, 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 assumption 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving fund	\$ 238	\$ 208	\$ 248
Checking deposits and demand deposits	1,284,487	1,628,953	606,729
Cash equivalents			
- Time deposits	13,245	-	1,300,000
- Bonds with repurchase agreement	59,791	70,000	120,000
	<u>\$ 1,357,761</u>	<u>\$ 1,699,161</u>	<u>\$ 2,026,977</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 (5) and 8 for details.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily measured at FVTPL			
Financial products	<u>\$ 90,993</u>	<u>\$ 143,172</u>	<u>\$ 103,908</u>

The amounts of the Group's financial assets measured at fair value through profit or loss recognized in profit or loss for the three months and nine months ended September 30, 2023 and 2022 were \$531, \$104, \$3,561 and \$2,650, respectively.

(III) Notes and accounts receivable

	September 30, 2023	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 52,877	\$ -	\$ -
Accounts receivable			
Within 1 year	125,929	109,459	109,459
Over 1 year (Note)	<u>2,231,444</u>	<u>2,219,670</u>	<u>2,219,670</u>
	<u>\$ 2,410,250</u>	<u>\$ 2,329,129</u>	<u>\$ 2,329,129</u>
	December 31, 2022	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 5,167	\$ -	\$ -
Accounts receivable			
Within 1 year	139,016	96,977	96,977
Over 1 year (Note)	<u>2,493,028</u>	<u>2,488,586</u>	<u>2,488,586</u>
	<u>\$ 2,637,211</u>	<u>\$ 2,585,563</u>	<u>\$ 2,585,563</u>

	September 30, 2022	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 12,540	\$ -	\$ -
Accounts receivable			
Within 1 year	146,025	97,745	97,745
Over 1 year (Note)	<u>2,594,341</u>	<u>2,583,125</u>	<u>2,583,125</u>
	<u>\$ 2,752,906</u>	<u>\$ 2,680,870</u>	<u>\$ 2,680,870</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 (11) and 8 for details. The Group's information on secured borrowings with accounts receivable as collateral is as above.
2. The balances of receivables (including notes receivables) arising from the contracts with the clients as of September 30, 2023, September 30, 2022 and January 1, 2022 were \$2,407,952, \$2,750,255 and \$3,043,303, respectively.
3. Interest income recognized by the Group in profit or loss for the three months and nine months ended September 30, 2023 and 2022 was \$16,145, \$15,371, \$48,563 and \$43,865, 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 September 30, 2023, December 31, 2022, and September 30, 2022 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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Buildings and land held for sale</u>			
Huaku Moon River	\$ 1,296,246	\$ -	\$ -
Huaku National Landmark (formerly Xinzhuang Factory & Office Building Project)	770,367	-	-
Huaku Royal Highness	155,081	487,371	642,616
Sand River Bay	136,551	136,334	152,183
Hwaku Fine Art	68,288	191,921	208,968
Hwaku Sky Garden	-	213,495	213,495
Huaku Bella Vita	-	-	84,181
	<u>2,426,533</u>	<u>1,029,121</u>	<u>1,301,443</u>
Less: Allowance for valuation loss	<u>(86,843)</u>	<u>(126,013)</u>	<u>(65,023)</u>
	<u>2,339,690</u>	<u>903,108</u>	<u>1,236,420</u>
<u>Construction in progress</u>			
Huaku Zhongyang Landmark (formerly Nangang Yucheng Project)	5,006,087	-	-
Huaku Shidai Landmark (formerly Tiding Avenue Project)	3,152,799	-	-
Huaku Happy Fortune Center (formerly Innovation Fortune II)	2,924,979	2,294,126	2,066,787
Huaku Casa Blanca (formerly Wenlin North Road Project II)	2,685,848	2,569,336	2,565,228
Huaku Zhongyuan Landmark (formerly Zhonghe Factory & Office Building Project)	2,283,753	1,852,065	1,712,290
Huaku Deyue (formerly Zhonghe Residential Project)	1,811,786	1,642,270	1,545,184
Huaku Wenling (formerly Wenlin North Road Project)	1,546,791	1,381,205	1,304,127
Huaku Sky Tower (formerly Zhuangtian Road, Taishan Project)	1,327,672	1,289,676	1,287,104
Huaku Daan Educational Institution	1,024,895	768,923	699,003
Huaku National Landmark (formerly Xinzhuang Factory & Office Building Project)	-	4,271,057	3,873,342
Huaku Moon River	-	2,448,049	2,307,301
	<u>21,764,610</u>	<u>18,516,707</u>	<u>17,360,366</u>

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	September 30, 2023	December 31, 2022	September 30, 2022
<u>Land held for construction</u>			
Taichung Jingmao Road Project	\$ 3,757,206	\$ 2,945,125	\$ 2,927,434
Guangpu Hsinchu Project, Second Phase	2,090,505	1,875,266	1,468,893
Xinyi Guangfu Project	892,056	723,940	722,562
Zhengda Xindian Project	663,924	594,999	589,668
Fuxing S. Road Urban Renewal Project	241,061	241,061	241,061
Dunnan Project	198,834	198,834	198,834
Huaku Zhongyang Landmark (formerly Nangang Yucheng Project)	-	4,863,686	4,561,104
Huaku Shidai Landmark (formerly Tiding Avenue Project)	-	2,385,050	2,029,142
Others	<u>307,150</u>	<u>129,312</u>	<u>129,311</u>
	<u>8,150,736</u>	<u>13,957,273</u>	<u>12,868,009</u>
<u>Land prepayment and others</u>			
Zhengda Beitou Project	1,572,958	763,543	-
Taichung Jingmao Road Project	793,400	-	-
Taichung Feng-le Road Project	522,650	-	-
Bulk and land for roads	<u>33,567</u>	<u>49,078</u>	<u>33,566</u>
	2,922,575	812,621	33,566
Less: Allowance for valuation loss	<u>(13,307)</u>	<u>(13,307)</u>	<u>(13,307)</u>
	<u>2,909,268</u>	<u>799,314</u>	<u>20,259</u>
	<u>\$ 35,164,304</u>	<u>\$ 34,176,402</u>	<u>\$ 31,485,054</u>

1. Huaku New World

- (1) In 2013, the Company signed the "Training Institute, MOF, And Its Surrounding State-Owned Land Cooperative Development Contract" with the National Property Administration, MOF, obtained the right to land and paid the rights amounted to \$1.388 billion, and the lease period was 70 years. This project recognized revenue when transferring land and house use rights to customers.

- (2) Some units following the Company's policy of leasing are transferred to the "Investment Property" item along with the land use rights after completion of registration.
 - (3) Please refer to 6(11) for details of the information on the property of this project provided as guarantee.
2. On June 4, 2010, the Company signed a contract to sell the part of the land held in Sanyu Section of Taipei City (Hwaku Sky Garden Project) to Tsai, a non-related person. The full land price of the sales transaction has received and the ownership transfer procedure has completed, only because after the sale of the land as mentioned earlier, the Company immediately signed a contract with the buyer for the joint land construction, land sales, and joint construction contracts should be treated as the same transaction, therefore, its gain on disposal was regarded as unrealized and deferred. The Company transferred unrealized profit to income based on the proportion of sales. As of September 30, 2023, December 31, 2022 and September 30, 2022, the unrealized amounts were \$0, \$4,596 and \$4,596, respectively, which were listed under "other non-current liabilities".
3. The cost of inventories recognized as expenses and losses by the Group for the three months and nine months ended September 30, 2023 and 2022 were \$2,050,253, \$1,185,925, \$5,987,943 and \$9,872,852, respectively, including the cost of goods sold recognized from adjusting cost to net realizable value in the amount of (\$29,694), \$494, (\$39,170) and (\$7,586), respectively. The net realizable value of inventories recovered due to the sale of some inventories whose net realizable value was lower than their cost in the nine-month period ended September 30, 2023.
4. The amount of interest capitalized in the Group's inventories for the three months and nine months ended September 30, 2023 and 2022 is \$56,789, \$28,689, \$141,684 and \$97,981, respectively, and the net interest rate margin range within the capitalized interest is 1.10%~2.17% and 0.88%~1.48%, respectively.
5. The "Huaku National Landmark" project developed by the Group has signed an agreement with the New Taipei City Government Economic Development. It stipulates that the transfer of property rights for certain floors of this project will be processed after five years from the issuance of the occupancy permit.
6. Please refer to Note 8 for details of the pledge of inventories by the Group.

(V) Other current assets

	September 30, 2023	December 31, 2022	September 30, 2022
Restricted bank deposits	\$ 1,641,940	\$ 1,251,651	\$ 1,108,491
Construction refundable deposits	311,479	227,738	225,238
Incremental costs for obtaining contracts	247,797	312,973	276,719
Other current assets	28,706	54,255	35,498
	<u>\$ 2,229,922</u>	<u>\$ 1,846,617</u>	<u>\$ 1,645,946</u>

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

(VI) Investment accounted for using the equity method

	September 30, 2023	December 31, 2022	September 30, 2022	Shareholding percentage
Associates:				
Taiwan Digit Automated Control Co., Ltd.	\$ 25,443	\$ 24,803	\$ 24,086	40.00
Full Come Foundation Eng. Ltd.	26,452	14,743	14,747	38.05
Joint ventures:				
Huapu Construction Co., Ltd.	5,457	5,065	5,091	50.00
	<u>\$ 57,352</u>	<u>\$ 44,611</u>	<u>\$ 43,924</u>	

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

2. For the carrying amounts of the Group's non-significant associates and joint ventures as of September 30, 2023, December 31, 2022 and September 30, 2022, please refer to the table above; the operating results are as follows:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Net Income from continuing operations	\$ 2,664	\$ 2,957
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 2,664</u>	<u>\$ 2,957</u>
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net Income from continuing operations	\$ 7,982	\$ 7,060
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 7,982</u>	<u>\$ 7,060</u>

3. There are no public quotations for the investment targets of the Group. The share of profits of associates recognized using equity method for the three months and nine months ended September 30, 2023 and 2022 are based on the valuation and disclosure of financial statements of each investee company, which have not been reviewed by their certified public accountants during the same period.

(VII) Investment property

	2023		
	Land	House and land use rights	Total
January 1	\$ 4,360	\$ 474,277	\$ 478,637
Disposal	-	(158,054)	(158,054)
Depreciation expenses	-	(6,148)	(6,148)
Net exchange differences	-	(415)	(415)
September 30	<u>\$ 4,360</u>	<u>\$ 309,660</u>	<u>\$ 314,020</u>

	2022		
	Land	House and land use rights	Total
January 1	\$ 4,360	\$ 501,125	\$ 505,485
Depreciation expenses	-	(9,179)	(9,179)
Net exchange differences	-	7,341	7,341
September 30	<u>\$ 4,360</u>	<u>\$ 499,287</u>	<u>\$ 503,647</u>

- Investment properties are for the use of lessees. The lease term of the leased real estate lasts until 2030. The rental income and direct operating expenses of the investment properties are as follows:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Rental revenue from investment property	<u>\$ 3,473</u>	<u>\$ 4,878</u>
Direct operating expenses incurred by investment property generating rental revenue in the current period	<u>\$ 1,567</u>	<u>\$ 3,061</u>
	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Rental revenue from investment property	<u>\$ 11,629</u>	<u>\$ 13,459</u>
Direct operating expenses incurred by investment property generating rental revenue in the current period	<u>\$ 8,386</u>	<u>\$ 9,179</u>

- The fair value of the investment property held by the Group as of September 30, 2023, December 31, 2022 and September 30, 2022 was \$654,387, \$891,216 and \$904,107, respectively. The valuation is based on the recent transaction prices of each investment property construction project or the recent transaction prices of comparable similar targets in the region where the investment property is located, which is classified as Level 2 fair value.

3. The maturity analysis of the lease payments for the investment properties leased out by the Group under operating leases is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Within 1 year	\$ 13,692	\$ 22,619	\$ 20,461
2 to 5 years	46,820	94,595	84,963
Over 5 years	15,750	32,779	32,065
	<u>\$ 76,262</u>	<u>\$ 149,993</u>	<u>\$ 137,489</u>

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

(VIII) Short-term loans

<u>Loan type</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank loans</u>			
Secured bank borrowings	\$ 9,071,890	1.70%~2.62%	Inventories - buildings and land
Credit loans	<u>1,550,000</u>	1.78%~1.93%	None
	<u>\$ 10,621,890</u>		

<u>Loan type</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank loans</u>			
Secured bank borrowings	\$ 8,201,890	1.08%~2.37%	Inventories - buildings and land
Credit loans	<u>550,000</u>	1.15%~1.86%	None
	<u>\$ 8,751,890</u>		

<u>Loan type</u>	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank loans</u>			
Secured bank borrowings	<u>\$ 6,771,900</u>	1.08%~2.24%	Inventories - buildings and land

(IX) Short-term notes and bills payable

<u>Loan type</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Short-term notes and bills payable	\$ 300,000	\$ 300,000	\$ 932,000
Less: Discount on short-term bills payable	(293)	(200)	(256)
Net	<u>\$ 299,707</u>	<u>\$ 299,800</u>	<u>\$ 931,744</u>
Interest rate range	2.06%~2.10%	1.29%~2.09%	1.18%~1.68%

(X) Other current liabilities—others

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Warranty provisions	\$ 83,375	\$ 92,437	\$ 87,698
Payment collection	51,997	108,929	53,972
Others	<u>99,535</u>	<u>93,900</u>	<u>111,024</u>
	<u>\$ 234,907</u>	<u>\$ 295,266</u>	<u>\$ 252,694</u>

(XI) Long-term loans

<u>Loan type</u>	<u>Loan period and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2023</u>
<u>Long-term bank loans</u>				
Credit loans	From July 2022 to July 2024; the interest is paid on a monthly basis	1.55%~1.93%	None	\$ 900,000
"	From June 2023 to June 2024; the interest is paid on a monthly basis	"	"	1,000,000
"	From June 2023 to June 2025; the interest is paid on a monthly basis	"	"	1,076,000
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	<u>2,337,749</u>
				5,313,749
Less: Long-term loans due within one year or one operating cycle				(2,233,279)
				<u>\$ 3,080,470</u>

Loan type	Loan period and repayment method	Interest rate range	Collateral	December 31, 2022
<u>Long-term bank loans</u>				
Credit loans	From June 2021 to June 2023; the interest is paid on a monthly basis	0.88%~1.63%	None	\$ 1,259,050
"	From July 2022 to July 2024; the interest is paid on a monthly basis	"	"	1,000,000
"	From July 2022 to July 2023; the interest is paid on a monthly basis	"	"	1,000,000
Loans secured by accounts receivable	From June 2017 to September 2039; the loan and the accrued interest is repaid on a monthly basis	1.89%~2.42%	Read Note for details	<u>2,593,162</u>
				5,852,212
Less: Long-term loans due within one year or one operating cycle				(<u>2,563,626</u>)
				<u>\$ 3,288,586</u>

Loan type	Loan period and repayment method	Interest rate range	Collateral	September 30, 2022
<u>Long-term bank loans</u>				
Credit loans	From June 2021 to June 2023; the interest is paid on a monthly basis	0.88%~1.50%	None	\$ 1,549,600
"	From July 2022 to July 2024; the interest is paid on a monthly basis	"	"	1,000,000
"	From July 2022 to July 2023; the interest is paid on a monthly basis	"	"	1,000,000
Loans secured by accounts receivable	From June 2017 to September 2039; the loan and the accrued interest is repaid on a monthly basis	1.89%~2.29%	Read Note for details	<u>2,688,524</u>
				6,238,124
Less: Long-term loans due within one year or one operating cycle				(<u>2,754,999</u>)
				<u>\$ 3,483,125</u>

The Group's unused balance of loan limit as of September 30, 2023, December 31, 2022 and September 30, 2022 were \$9,118,130, \$10,310,140 and \$13,256,130, 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 with unchanged loan tenor of 20 years. Please refer to Note 6 (3) for details. The main terms of the agreement are as follows:

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

(XII) Pensions

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

qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

- (1) For the three months and nine months ended September 30, 2023 and 2022, the net pension costs recognized under the defined contribution plan aforementioned were \$192, \$181, \$575 and \$542, respectively.
 - (2) The Group expects to make a contribution of \$390 to the pension plans for the year ended December 31, 2023.
2. Starting from July 1, 2005, the Company and subsidiaries have set up a defined contribution plan for all employees with ROC 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 nine months ended September 30, 2023 and 2022, the contribution ratio was both 20%. The pension for each employee is managed by the government, hence the Group does not have further obligation except for making a monthly contribution.
 - (2) For the three months and nine months ended September 30, 2023 and 2022, the net pension costs recognized under the defined contribution plan aforementioned were \$1,520, \$1,501, \$4,521 and \$4,348, respectively.

(XIII) Share capital

1. As of September 30, 2023, the Company's authorized capital was \$5,000,000, and the paid-in capital was \$2,768,127 with a par value of NT\$10 per share. Share payments for the Company's issued stocks have been collected in full. The number of outstanding shares of the Company at the beginning and the end of the period is 276,812,726 shares.
2. Treasury stock
 - (1) The Company had no treasury stock transactions for the nine months ended September 30, 2023 and 2022.

- (2) As of September 30, 2023, December 31, 2022 and September 30, 2022, 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares (thousand shares)	174	174	174
Carrying amounts	\$ 850	\$ 850	\$ 850

(XIV) 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 covering 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 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.

(XV) Retained earnings

1. According to the Company's Articles of Incorporation, offsetting any loss of prior years and paying all taxes and dues, 10% of the annual net income shall be set aside as legal reserves. However, this regulation is not applicable when the legal reserves have reached the amount of paid-up capital. The remaining net income and the unappropriated retained earnings from prior years can be allocable earnings. The aforementioned distributable earnings shall be distributed as a dividend by the board of directors and then submitted to the shareholders' meeting for report.
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 special reserve for debt balance in other equity on the date of balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.

4. The distribution of earnings for 2022 and 2021, which were proposed in the annual shareholders' meetings on May 24, 2023 and May 31, 2022, respectively, are as follows:

	2022		2021	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserves	\$ 296,083		\$ 292,382	
Cash dividends	2,076,095	\$ 7.5	2,076,094	\$ 7.5

(XVI) Other equity

	2023	2022
January 1	\$ 11,670	\$ 6,087
Currency translation differences:		
- The Group	1,932	13,378
- Tax amount of the Group	(386)	(2,676)
September 30	<u>\$ 13,216</u>	<u>\$ 16,789</u>

(XVII) Operating revenue

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Revenue from contract with customers	\$ 2,878,392	\$ 1,745,828
Others	6,467	8,228
	<u>\$ 2,884,859</u>	<u>\$ 1,754,056</u>
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenue from contract with customers	\$ 9,182,857	\$ 14,447,185
Others	21,174	22,033
	<u>\$ 9,204,031</u>	<u>\$ 14,469,218</u>

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:

Three Months Ended September 30, 2023	Sales of construction			
	Taiwan	China	Others	Total
Timing of revenue recognition				
- Revenue recognized at a specific timing	\$ 2,876,545	\$ 1,847	\$ -	\$ 2,878,392
- Gradually transferred revenue over time	-	-	6,467	6,467
	<u>\$ 2,876,545</u>	<u>\$ 1,847</u>	<u>\$ 6,467</u>	<u>\$ 2,884,859</u>

Three Months Ended September 30, 2022	Sales of construction			
	Taiwan	China	Others	Total
Timing of revenue recognition				
- Revenue recognized at a specific timing	\$ 1,717,451	\$ 28,377	\$ -	\$ 1,745,828
- Gradually transferred revenue over time	-	-	8,228	8,228
	<u>\$ 1,717,451</u>	<u>\$ 28,377</u>	<u>\$ 8,228</u>	<u>\$ 1,754,056</u>

Nine Months Ended September 30, 2023	Sales of construction			
	Taiwan	China	Others	Total
Timing of revenue recognition				
- Revenue recognized at a specific timing	\$ 9,073,670	\$ 109,187	\$ -	\$ 9,182,857
- Gradually transferred revenue over time	2	-	21,174	21,174
	<u>\$ 9,073,670</u>	<u>\$ 109,187</u>	<u>\$ 21,174</u>	<u>\$ 9,204,031</u>

Nine Months Ended September 30, 2022	Sales of construction			
	Taiwan	China	Others	Total
Timing of revenue recognition				
- Revenue recognized at a specific timing	\$ 14,368,413	\$ 78,772	\$ -	\$ 14,447,185
- Gradually transferred revenue over time	-	-	22,033	22,033
	<u>\$ 14,368,413</u>	<u>\$ 78,772</u>	<u>\$ 22,033</u>	<u>\$ 14,469,218</u>

2. The aggregate amount of the transaction price and the estimated recognized revenue year of the sales contract signed by the Group as of September 30, 2023, which had not yet satisfied its performance obligations, are as follows:

<u>Estimated recognized revenue year</u>	<u>Amount of contracts signed</u>
2023 ~ 2026	<u>\$ 24,238,412</u>

3. Contract liabilities

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Contract liability - current:			
- Advance land receipts	\$ 3,196,107	\$ 2,932,836	\$ 2,259,422
- Advance building receipts	<u>1,438,942</u>	<u>1,714,204</u>	<u>1,003,777</u>
	<u>\$ 4,635,049</u>	<u>\$ 4,647,040</u>	<u>\$ 3,263,199</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:

	<u>Three Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2022</u>
Balance of initial contract liability recognized as revenue in the current period		
— Construction pre-sale contract	<u>\$ 398,392</u>	<u>\$ 332,707</u>
	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Balance of initial contract liability recognized as revenue in the current period		
— Construction pre-sale contract	<u>\$ 2,150,682</u>	<u>\$ 2,802,828</u>

(XVIII) Additional information regarding the nature of expense

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Construction costs	\$ 2,046,806	\$ 1,184,900
Advertising expenses	52,320	113,830
Employee benefit expenses	89,628	66,365
Taxation	12,248	18,099
Depreciation and amortization	6,786	7,388
Other costs and expenses	3,904	12,533
Operating cost and operating expenses	<u>\$ 2,211,692</u>	<u>\$ 1,403,115</u>
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Construction costs	\$ 5,981,183	\$ 9,817,954
Advertising expenses	212,478	377,688
Employee benefit expenses	306,048	379,443
Taxation	44,475	70,484
Depreciation and amortization	21,805	22,160
Other costs and expenses	18,692	44,491
Operating cost and operating expenses	<u>\$ 6,584,681</u>	<u>\$ 10,712,220</u>

(XIX) Employee benefit expenses

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Salary and bonuses	\$ 71,113	\$ 52,720
Directors' remuneration	9,109	5,148
Labor and health insurance expenses	3,344	3,301
Pension expenses	1,712	1,682
Other personnel cost	4,350	3,514
	<u>\$ 89,628</u>	<u>\$ 66,365</u>
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Salary and bonuses	\$ 240,329	\$ 296,352
Directors' remuneration	34,879	49,594
Labor and health insurance expenses	13,802	13,993
Pension expenses	5,096	4,890
Other personnel cost	11,942	14,614
	<u>\$ 306,048</u>	<u>\$ 379,443</u>

1. As stated in the Articles of Incorporation, if there are any remaining profits after

deducting the accumulated deficits from the profits of the year, the Company shall allocate 3% ~ 5% of the remaining profits as compensation to employees, and remuneration to directors can not exceed 2% of the remaining profits.

2. For the three months and nine months ended September 30, 2023 and 2022, the Company recognized compensation to employees amounted to \$20,172, \$10,750, \$79,843 and \$117,364, respectively, and remuneration to directors amounted to \$8,069, \$4,300, \$31,937 and \$46,946, respectively, all presented under payroll expense.

Based on the profitability of the nine months ended September 30, 2023, it is estimated to allocate 3% and 1.2%, respectively.

The Company's 2022 employee compensation and directors' remuneration are consistent with the amounts recognized in the financial statements for the year ended December 31, 2022.

Information regarding employees' salary and remuneration to directors approved by the Board of Directors of the Company can be found at the Market Observation Post System (MOPS) website.

(XX) Interest income

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Interests on bank deposits	\$ 1,065	\$ 1,720
Interest income from financial assets at amortized cost	16,145	15,371
	<u>\$ 17,210</u>	<u>\$ 17,091</u>
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Interests on bank deposits	\$ 10,393	\$ 2,678
Interest income from financial assets at amortized cost	48,563	43,865
	<u>\$ 58,956</u>	<u>\$ 46,543</u>

(XXI) Other income

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Advertising service income	\$ 3,472	\$ 8,217
Transferred income from accounts payable	991	-
Contract default income	-	286
Other income	511	328
	<u>\$ 4,974</u>	<u>\$ 8,831</u>
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Advertising service income	\$ 10,458	\$ 26,551
Transferred income from accounts payable	1,559	3,148
Contract default income	-	286
Other income	6,775	5,859
	<u>\$ 18,792</u>	<u>\$ 35,844</u>

(XXII) Financial cost

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Interest expense		
- Bank loans	\$ 70,957	\$ 40,652
- Loans secured by accounts receivable	16,144	15,416
- Lease liabilities	112	55
Financial expenses	920	949
	88,133	57,072
Less: Amount capitalized of qualified assets	(56,789)	(28,689)
	<u>\$ 31,344</u>	<u>\$ 28,383</u>

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Interest expense		
- Bank loans	\$ 190,216	\$ 120,755
- Loans secured by accounts receivable	48,600	43,834
- Lease liabilities	301	168
Financial expenses	<u>2,546</u>	<u>7,991</u>
	241,663	172,748
Less: Amount capitalized of qualified assets	(<u>141,684</u>)	(<u>97,981</u>)
	<u>\$ 99,979</u>	<u>\$ 74,767</u>

(XXIII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Current income tax:		
Income tax incurred in the current period	\$ 3,382	\$ 71,281
Land value increment tax recognized in income tax in the current period	40,885	8,489
Tax on undistributed surplus earnings	-	-
Over-estimated provision from the prior years	<u>-</u>	<u>-</u>
Total current income tax	44,267	79,770
Deferred income tax:		
Recognition and reversal of temporary differences	<u>435</u>	<u>271</u>
Income tax expense	<u>\$ 44,702</u>	<u>\$ 80,041</u>

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Current income tax:		
Income tax incurred in the current period	\$ 376,354	\$ 669,539
Land value increment tax recognized in income tax in the current period	48,484	59,768
Tax on undistributed surplus earnings	29,433	27,767
Over-estimated provision from the prior years	(402)	(7,568)
Total current income tax	453,869	749,506
Deferred income tax:		
Recognition and reversal of temporary differences	850	2,842
Income tax expense	<u>\$ 454,719</u>	<u>\$ 752,348</u>

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

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Currency translation differences	<u>(\$ 813)</u>	<u>(\$ 689)</u>
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Currency translation differences	<u>(\$ 386)</u>	<u>(\$ 2,676)</u>

2. The difference between the Company's finance income and taxable income is mainly caused by the tax exemption from land transaction tax.
3. The tax authorities have examined income tax returns of the Company through the year ended December 31, 2021.

(XXIV) Earnings per share

<u>Three Months Ended September 30, 2023</u>			
	<u>Amount after tax</u>	<u>Weighted average number of common shares outstanding (shares in thousands)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 620,449	276,638	<u>\$ 2.24</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	476	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	<u>\$ 620,449</u>	<u>277,114</u>	<u>\$ 2.24</u>

<u>Three Months Ended September 30, 2022</u>			
	<u>Amount after tax</u>	<u>Weighted average number of common shares outstanding (shares in thousands)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 269,296	276,638	<u>\$ 0.97</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	427	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	<u>\$ 269,296</u>	<u>277,065</u>	<u>\$ 0.97</u>

Nine Months Ended September 30, 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	\$2,108,645	276,638	<u>\$ 7.62</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	1,141	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	<u>\$2,108,645</u>	<u>277,779</u>	<u>\$ 7.59</u>
Nine Months Ended September 30, 2022			
	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	\$3,014,709	276,638	<u>\$ 10.90</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	1,605	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	<u>\$3,014,709</u>	<u>278,243</u>	<u>\$ 10.83</u>

(XXV) Changes in liabilities from financing activities

	2023						
	Short-term loans	Short-term notes and bills payable	Long-term loans (Note 2)	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 in the current period	4,330,000	1,850,000	2,107,062	24,625	-	-	8,311,687
Decrease in the current period	(2,460,000)	(1,850,000)	(2,645,525)	(24,042)	(7,265)	(2,076,095)	(9,062,927)
Payment of interest expense (Note 1)	-	(2,213)	-	-	(355)	-	(2,568)
Other non-cash changes	-	2,120	-	-	19,758	2,076,095	2,097,973
September 30	<u>\$ 10,621,890</u>	<u>\$ 299,707</u>	<u>\$ 5,313,749</u>	<u>\$ 31,268</u>	<u>\$ 31,425</u>	<u>\$ -</u>	<u>\$ 16,298,039</u>

	2022						
	Short-term loans	Short-term notes and bills payable	Long-term loans (Note 3)	Guarantee deposits received	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	\$ 8,852,000	\$ 2,230,921	\$ 6,584,217	\$ 29,421	\$ 18,434	\$ -	\$ 17,714,993
Increase in the current period	12,861,900	4,306,000	2,042,952	61,514	-	-	19,272,366
Decrease in the current period	(14,942,000)	(5,606,000)	(2,389,045)	(34,007)	(7,320)	(2,076,094)	(25,054,466)
Payment of interest expense (Note 1)	-	(2,672)	-	-	(168)	-	(2,840)
Other non-cash changes	-	3,495	-	-	10,784	2,076,094	2,090,373
September 30	<u>\$ 6,771,900</u>	<u>\$ 931,744</u>	<u>\$ 6,238,124</u>	<u>\$ 56,928</u>	<u>\$ 21,730</u>	<u>\$ -</u>	<u>\$ 14,020,426</u>

Note 1: Statement of cash flows from operating activities

Note 2: It includes \$2,233,279 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 \$2,754,999 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 party</u>	<u>Relationship with the Group</u>
Taiwan Digit Automated Control Co., Ltd.	Associates
Full Come Foundation Eng. Ltd.	Associates
Huapu Construction Co., Ltd.	Associates
Chang-Hsueh Investment Co., Ltd. and other three people	Other related parties

(II) Significant transactions between related parties

1. Sales

For the nine months ended September 30, 2023 and 2022, 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 \$0 and \$348,900, respectively.

2. Purchase

	<u>Three Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2022</u>
Associates	<u>\$ 27,476</u>	<u>\$ 6,195</u>
	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Associates	<u>\$ 54,448</u>	<u>\$ 28,704</u>

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

(2) As of September 30, 2023, the total price of the uncompleted project contracts signed between the Group and associates was \$157,905, and the amount of unrecognized construction payments was \$101,045.

3. Prepayments

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Associates	<u>\$ 24,993</u>	<u>\$ -</u>	<u>\$ -</u>

4. Accounts payable

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u>\$ 18,353</u>	<u>\$ 15,843</u>	<u>\$ 12,056</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

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Short-term employee benefits	<u>\$ 20,729</u>	<u>\$ 14,017</u>
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Short-term employee benefits	<u>\$ 81,644</u>	<u>\$ 113,042</u>

VIII. Pledged Assets

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

Pledged assets	Carrying amounts			Purpose of the pledge
	September 30, 2023	December 31, 2022	September 30, 2022	
Installment accounts receivable				Loans secured by accounts receivable
- Accounts receivable	\$ 109,459	\$ 96,977	\$ 97,745	
- Long-term notes and accounts receivable	2,077,046	2,358,652	2,450,339	
Other installments receivable				Loans secured by accounts receivable
- Other receivables	8,620	7,599	7,654	
- Long-term notes and accounts receivable	142,624	129,934	132,786	
Other current assets				
- Restricted bank deposits	1,641,940	1,251,651	1,108,491	Pre-sale construction project trust fund
Inventories	27,986,830	29,434,508	27,600,608	Short-term loans and commercial papers payable
Investment property	244,642	247,717	248,742	Loans secured by accounts receivable
	<u>\$ 32,211,161</u>	<u>\$ 33,527,038</u>	<u>\$ 31,646,365</u>	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- (I) As of September 30, 2023, the total value of the engineering contract signed between the Group and non-related parties amounted to \$6,743,812 and the unrecognized amount is \$4,364,434.
- (II) As of September 30, 2023, the unrecognized amount for the contracts of land purchase signed by the Group is \$2,657,375.
- (III) As of September 30, 2023, 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:

<u>Project name</u>	<u>Trust bank</u>
Huaku Daan Educational Institution	Hua Nan Commercial Bank, Ltd.
Huaku Deyue	E.SUN Commercial Bank, Ltd.
Huaku Wenling	E.SUN Commercial Bank, Ltd.
Huaku Zhongyuan Landmark	Taishin International Bank Co., Ltd.
Hwaku Sky Tower	Taipei Fubon Commercial Bank Co., Ltd.
Hwaku Casa Blanca	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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			
Financial assets mandatorily measured at FVTPL	<u>\$ 90,993</u>	<u>\$ 143,172</u>	<u>\$ 103,908</u>
Financial assets/loans and receivables measured at amortized cost			
Cash and cash equivalents	1,357,761	1,699,161	2,026,977
Notes receivable	52,877	5,167	12,540
Accounts receivable (including long-term accounts receivable for more than one year)	2,357,373	2,632,044	2,740,366
- Other receivables	45,696	12,037	50,048
Refundable deposits	485,539	399,909	400,108
Other financial assets	<u>1,641,940</u>	<u>1,251,651</u>	<u>1,108,491</u>
	<u>\$ 5,941,186</u>	<u>\$ 5,999,969</u>	<u>\$ 6,338,530</u>
	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial liabilities</u>			
Financial liabilities measured at amortized costs			
Short-term loans	\$ 10,621,890	\$ 8,751,890	\$ 6,771,900
Short-term notes and bills payable	299,707	299,800	931,744
Notes payable	5,245	12,371	6,845
Accounts payable	1,238,521	1,301,254	1,191,500
Other payables	414,304	487,041	523,905
Long-term borrowings (including due within one year or one operating cycle)	5,313,749	5,852,212	6,238,124
Guarantee deposits received	<u>31,268</u>	<u>30,685</u>	<u>56,928</u>
	<u>\$ 17,924,684</u>	<u>\$ 16,735,253</u>	<u>\$ 15,720,946</u>
Lease liabilities	<u>\$ 31,425</u>	<u>\$ 19,287</u>	<u>\$ 21,730</u>

2. Risk management policy

- (1) The Group's daily operations are affected by various financial risks, e.g. market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk.
- (2) The risk management process is carried out by the finance department of the Group in accordance with the opinions of the Board of Directors. Through cooperation with the Group's each 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 September 30, 2023, December 31, 2022 and September 30, 2022.

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 three months and nine months ended September 30, 2023 and 2022 were \$550, \$0, (\$8,746) and \$0, 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 nine months ended September 30, 2023 and 2022, 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 for the nine months ended September 30, 2023 and 2022 is to increase or decrease by \$162,356 and \$139,420, respectively. The two payments of \$23,377 and \$26,885 in the nine months ended September 30, 2023 and 2022, 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 fail to fulfill their contractual obligations. The risk is mainly from the counterparty 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 use 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 September 30, 2023, December 31, 2022 and September 30, 2022 were not significant.

- D. No written-off debts with recourse existed as of September 30, 2023, December 31, 2022 and September 30, 2022.
- E. The Group has no circumstances of selling accounts receivable.

(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:

September 30, 2023

<u>Non-derivative</u> <u>financial liabilities:</u>	<u>Within 1 Year</u>	<u>1-3 years</u>	<u>Over 3 years</u>
Short-term loans	\$ 2,664,788	\$ 3,821,745	\$ 4,636,312
Short-term notes and bills payable	300,000	-	-
Accounts payable	498,810	372,488	367,223
Other payables	115,158	261,117	38,029
Lease liabilities	10,159	15,077	7,134
Long-term borrowings (including due within one year or one operating cycle)	2,157,704	870,250	-
Loans secured by accounts receivable	162,935	343,163	2,710,411

December 31, 2022

Non-derivative

<u>financial liabilities:</u>	<u>Within 1 Year</u>	<u>1-3 years</u>	<u>Over 3 years</u>
Short-term loans	\$ 702,863	\$ 6,754,170	\$ 1,647,399
Short-term notes and bills payable	300,000	-	-
Accounts payable	778,753	171,547	350,954
Other payables	406,180	22,611	58,250
Lease liabilities	6,508	13,017	-
Long-term borrowings (including due within one year or one operating cycle)	2,490,383	805,047	-
Loans secured by accounts receivable	150,593	348,829	3,035,331

September 30, 2022

Non-derivative

<u>financial liabilities:</u>	<u>Within 1 Year</u>	<u>1-3 years</u>	<u>Over 3 years</u>
Short-term loans	\$ 115,309	\$ 5,576,026	\$ 1,380,397
Short-term notes and bills payable	922,000	10,000	-
Accounts payable	704,052	226,984	260,464
Other payables	458,600	7,420	57,885
Lease liabilities	7,377	13,017	1,627
Long-term borrowings (including due within one year or one operating cycle)	2,685,956	906,667	-
Loans secured by accounts receivable	152,547	353,334	3,105,586

- 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 (7) 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 notes and bills payable, bills payable, accounts payable, other payables, long-term borrowings, 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
<u>September 30, 2023</u>				
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,993</u>	<u>\$ 90,993</u>
	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,172</u>	<u>\$ 143,172</u>
	Level 1	Level 2	Level 3	Total
<u>September 30, 2022</u>				
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,908</u>	<u>\$ 103,908</u>

- (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.

5. For the nine months ended September 30, 2023 and 2022, there were no transfer between Level 1 and Level 2 for the Group.
6. The changes in Level 3 for the nine months ended September 30, 2023 and 2022 were listed as follows:

	2023	2022
January 1	\$ 143,172	\$ 168,373
Current acquisition	876,554	702,261
Disposal in the current period	(928,960)	(771,727)
Currency translation differences	227	5,001
September 30	<u>\$ 90,993</u>	<u>\$ 103,908</u>

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

XIII. Matters Disclosed in Notes

(I) Related Information on Significant Transactions

1. Financing provided to others: None.
2. Endorsements/guarantees provided to others: None.
3. 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 assesses the performance of the Group as a whole, has identified that the Group is a single reportable operating segment.

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

(II) Segment information on profit or loss and assets

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

	Nine Months Ended September 30, 2023			
	Taiwan	China	Adjustment and elimination	Total
Net external revenue	\$ 9,088,647	\$ 115,384	\$ -	\$ 9,204,031
Internal segment revenue	1,762,497	-	(1,762,497)	-
Segment revenue	<u>\$10,851,144</u>	<u>\$ 115,384</u>	<u>(\$ 1,762,497)</u>	<u>\$ 9,204,031</u>
Segment income or loss	<u>\$ 2,139,441</u>	<u>(\$ 23,075)</u>	<u>(\$ 12,336)</u>	<u>\$ 2,104,030</u>
Segment assets	<u>\$41,997,660</u>	<u>\$ 289,119</u>	<u>\$ -</u>	<u>\$42,286,779</u>

	Nine Months Ended September 30, 2022			
	Taiwan	China	Adjustment and elimination	Total
Net external revenue	\$14,381,461	\$ 87,757	\$ -	\$14,469,218
Internal segment revenue	1,978,186	-	(1,978,186)	-
Segment revenue	<u>\$16,359,647</u>	<u>\$ 87,757</u>	<u>(\$ 1,978,186)</u>	<u>\$14,469,218</u>
Segment income or loss	<u>\$ 3,056,354</u>	<u>\$ 29,836</u>	<u>(\$ 65,514)</u>	<u>\$ 3,020,676</u>
Segment assets	<u>\$38,523,524</u>	<u>\$ 673,485</u>	<u>\$ -</u>	<u>\$39,197,009</u>

(III) Reconciliation for segment profit or loss and assets

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

Huaku Development Co., Ltd.

Marketable Securities Held at the End of the Period (Excluding Subsidiaries, Associates and Joint ventures)

September 30, 2023

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				Note
				Shares	Carrying Amount (Note 2)	Shareholding percentage	Fair Value	
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Financial asset measured at fair value through profit or loss—current Adjustment of valuation	174,354	\$ 1,388	0.06	<u>\$ 15,657</u>	Note 3
					<u>14,269</u>			
					<u>\$ 15,657</u>			
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Financial products	None	Financial asset measured at fair value through profit or loss—current	-	\$ 8,212	-	\$ 8,212	
Chengdu Huaku Real Estate Co., Ltd.	Financial products	None	Financial asset measured at fair value through profit or loss—current	-	<u>82,781</u>	-	<u>82,781</u>	
					<u>\$ 90,993</u>		<u>\$ 90,993</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 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 September 30, 2023

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

Real Estate Acquired by	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 and Situation	Other Agreement Terms
							Owner	Relationship with the Issuer	Transfer Date	Amount			
Huaku Development Co., Ltd.	Inventories - land Huaku Shidai Landmark (formerly Tiding Avenue Project)	2022.06.24	\$ 881,600	\$ 881,600 (Note 1)	6 persons including Person A	None	N/A	N/A	N/A	N/A	Cushman & Wakefield and DTZ Real Estate Appraisers Firm's appraisal amount for the project is \$902,207.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Zhengda Beitou Project)	2022.12.26	2,820,000	1,213,681 (Note 2)	Jang Dah Fiber Industrial Co., Ltd.	None	N/A	N/A	N/A	N/A	Cushman & Wakefield and DTZ Real Estate Appraisers Firm's appraisal amount for the project is \$2,830,579. Lian-Bang Real Estate Appraisers Firm's appraisal amount for the project is \$2,845,734.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Taichung Jingmao Road Project)	2023.02.06	779,231	779,231	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 Feng-le Road Project)	2023.06.02	1,044,180	522,090 (Note 3)	Lin, Lung-Chi, Taichung city, Legal person for Ancestor Worship Guild	None	N/A	N/A	N/A	N/A	Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is \$1,029,678. Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$1,058,681.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Taichung Jingmao Road Project)	2023.09.04	1,322,366	793,400 (Note 4)	Prisbo Investment Co., Ltd. and Person B	None	N/A	N/A	N/A	N/A	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$1,335,859. Euro-Asia Real Estate Appraisers Firm's appraisal amount for the project is \$1,330,459.	Construction land	N/A

Note 1: The Group has paid \$440,800 in accordance with the contract in 2022, and paid \$440,800 in the current period, which has been fully paid.

Note 2: The Group has paid \$705,000 in accordance with the contract in 2022, and paid \$508,681 in the current period, and the amount not yet estimated was \$1,606,319.

Note 3: In 2023, the amount paid by the Group for the contracts was \$522,090, and the amount not yet estimated was \$522,090.

Note 4: In 2023, the amount paid by the Group for the contracts was \$793,400, and the amount not yet estimated was \$528,966.

Huaku Development Co., Ltd.

Disposal of Real Estate Reaching NT\$300 Million or 20% of Paid-in Capital or More

January 1 to September 30, 2023

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 under construction	N/A	Not applicable to pre-sale premises	N/A	\$792,210 (Note 1)	\$ 792,210	N/A	2 persons including Person A	None	For gaining profits	Yu Fong Real Estate Appraisers Firm's appraisal amount for Building B exclude parking spaces is \$3,387,600. (Note 2)	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	680,000	680,000	N/A	Ufi Space Co., Ltd.	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$709,763.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	771,120	771,120	N/A	2 persons including Person B	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for Building A excluding parking spaces is \$3,584,224. (Note 2)	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	656,000	656,000	N/A	CASwell Inc.	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$661,563.	N/A
Huaku Development Co., Ltd.	Inventory - premises for sale	N/A	Not applicable to pre-sale premises	N/A	635,000	190,500	N/A	CASwell Inc.	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$665,223.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	655,500	655,500	N/A	PharmiGENE	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$674,466.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	4,590,000	920,000	N/A	LNC Development Co., Ltd.	None	For gaining profits	Savills Real Estate Appraisers Firm's appraisal amount for the real estate is \$4,547,562. Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$4,520,906.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	390,000	-	N/A	Person C	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$4,322,012.	N/A

Note 1: The Group had received \$174,260 in accordance with the contract in 2022 and has received \$617,950 in the current period.

Note 2: In this project, Buildings A and B share the underground parking lot, and the appraised value of the parking lot is \$823,600.

Huaku Development Co., Ltd.

Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More

January 1 to September 30, 2023

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)		
			Purchase (Sale)	Amount	Ratio to the Total Purchase (Sale) Amount	Payment Term	Unit Price	Payment Term	Balance	Ratio to the Total Notes/Accounts Receivable (Payable)	Note
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Subsidiary	Purchase	\$ 2,312,671	35	Within 120 days	Contract-based pricing	General suppliers are within one month or 45 days.	(\$ 951,605)	66	
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Sales	(2,312,671)	100	Within 120 days	Contract-based pricing	General customers settle monthly within 30 days.	951,605	100	

Huaku Development Co., Ltd.

Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More

January 1 to September 30, 2023

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		
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	\$ 951,605	Note	\$ -	-	\$ 284,647	\$ -

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

Huaku Development Co., Ltd.
Significant Inter-company Transactions
January 1 to September 30, 2023

Table 6

Unit: NT\$ thousands
(Unless specified otherwise)

Company Name	Counterparty	Relationship with the Counterparty	Transaction Details			Ratio to the Consolidated Revenue or Total Assets
			Account	Amount	Terms	
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Purchase	\$ 2,312,671	Contract-based pricing within 120 days	25
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Accounts payable	951,605	Contract-based pricing within 120 days	2
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Sales	2,312,671	Contract-based pricing within 120 days	25
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Accounts receivable	951,605	Contract-based pricing within 120 days	2

Huaku Development Co., Ltd.

Name, location, and information on investee companies (not including investee companies in mainland China)

January 1 to September 30, 2023

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	\$ 264,184	\$ 264,184	35,000,000	100	\$ 434,079	\$ 30,796	\$ 48,305	Subsidiary
Huaku Development Co., Ltd.	Taiwan Digit Automated Control Co., Ltd.	Taiwan	Engineering monitoring	8,000	8,000	800,000	40	25,443	15,594	6,239	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	5,457	783	392	An investee accounted for using the equity method
Pin Shing Construction Co., Ltd.	Full Come Foundation Eng. Ltd.	Taiwan	Professional construction industry of foundation engineering	25,925	16,000	2,245,069	38.05	26,452	4,131	1,351	An investee company of subsidiary accounted for using equity method

Huaku Development Co., Ltd.

Information on Investments in Mainland China

January 1 to September 30, 2023

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	\$ 22,075	Note 1	\$ 294,302	\$ -	\$ 212,592	\$ 81,710	(\$ 23,807)	80	(\$ 19,046)	\$ 46,463	\$ 48,158	Note 3
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	2,208	Note 1	-	-	-	-	730	80	585	49,920	340,437	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.	\$ 81,710	\$ 1,519,654	\$ 11,597,745										

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 Group'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 Group'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 Group's holdings of RMB 16 million had been entirely 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 Group's holdings of RMB 48 million had been entirely remitted back.
On September 1, 2023, it was resolved in the shareholders' meeting to reduce its capital by RMB 10 million. The Group's holdings are RMB 8 million, and as of the reporting date of the review report, the capital reduction has not been approved by the Chengdu Investment Promotion Committee.

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 Group'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 Group'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 Group's holdings of RMB 3.6 million had been fully remitted back.

Huaku Development Co., Ltd.
Information on Major Shareholders
September 30, 2023

Table 9

Shareholder's Name	Shares (Note)	
	Number of Shares	Shareholding percentage
Zhongshan Investment Co., Ltd.	19,700,000	7.11%
Newland Investment Co., Ltd.	14,690,982	5.30%

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