

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Financial Statements and CPA's Review Report
Q2 of 2024 and 2023
(Stock Code: 2548)

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

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Notice to Reader:

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

Huaku Development Co., Ltd. and Subsidiaries

Consolidated Financial Statements and CPA's Review Report for Q2 of 2024 and 2023

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CPA's Review Report

(2024) Cai-Shen-Bao-Zi No. 24001371

To Huaku Development Co., Ltd.,

Introduction

The CPAs have audited the Consolidated Balance Sheets of Huaku Development Co., Ltd. and its subsidiaries (hereinafter referred to as "Huaku Group") as of June 30, 2024 and 2023, the Consolidated Statements of Comprehensive Income for the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes for Consolidated Financial Statements (including Significant Accounting Policies and Summary Statements) for the period from January 1 to June 30, 2024 and 2023. The preparation of the consolidated financial statements presenting fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IAS 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission, is the responsibility of management. Our responsibility as auditors is to form a conclusion on the consolidated financial statements based on the review results.

Scope

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

Basis for Qualified Conclusion

As described in Notes 4 (3) and 6 (6) to the consolidated financial statements, the financial statements of certain insignificant subsidiaries, as well as investments accounted for under the equity method for the same periods as those of the consolidated financial statements, have not been reviewed by auditors. The total assets (including investments accounted for using the equity method) of the subsidiaries were NT\$148,912 thousand and NT\$319,363 thousand, constituting 0.31% and 0.77% of the consolidated total assets as of June 30, 2024 and 2023, respectively. Total liabilities were NT\$32,331 thousand and NT\$81,908 thousand, constituting 0.11% and 0.36% of the consolidated total liabilities as of June 30, 2024 and 2023, respectively. Comprehensive income amounted to NT\$1,960 thousand, NT\$6,377 thousand, NT\$2,771 thousand, and NT\$(28,867) thousand, constituting 0.62%, 2.14%, 1.15%, and (1.95%) of the consolidated comprehensive income for the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, respectively.

Qualified Conclusion

Based on the results of our review, except for the potential adjustments to the financial statements of certain insignificant subsidiaries and investments accounted for using the equity method, as described in the Basis for Qualified Conclusion section, we have not identified any significant matters in the consolidated financial statements that have not been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission, which would preclude a proper presentation of the consolidated financial position of the Huaku Group as of June 30, 2024 and 2023, and the consolidated financial performance for the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023 and the consolidated cash flows for the period from January 1 to June 30, 2024 and 2023.

PwC Taiwan
Hsiao, Chun-Yuan
CPA
Lin, Se-Kai

Former Securities and Futures Bureau, FSC
Approved Document, Reference No.:
Jin-Guan-Zheng (6) Zi No. 0960042326
Jin-Guan-Zheng (6) Zi No. 0960072936
August 8, 2024

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
June 30, 2024, December 31, and June 30, 2023

Unit: NT\$ thousands

| Assets | Notes | June 30, 2024 | | December 31, 2023 | | June 30, 2023 | | |
|---------------------------|--|------------------|----------------------|-------------------|----------------------|---------------|----------------------|------------|
| | | Amount | % | Amount | % | Amount | % | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6 (1) | \$ 1,878,098 | 4 | \$ 1,513,506 | 4 | \$ 1,814,885 | 5 |
| 1110 | Financial asset measured at fair value through profit and loss—current | 6 (2) | 27,070 | — | 32,271 | — | 69,840 | — |
| 1150 | Notes receivable, net | 6 (3) | 151,811 | — | 55,850 | — | 15,761 | — |
| 1170 | Accounts receivable, net | 6 (3) (11) and 8 | 117,513 | — | 119,838 | — | 123,847 | — |
| 1200 | Other receivables | 6 (11) and 8 | 47,258 | — | 10,997 | — | 65,130 | — |
| 130X | Inventories | 6 (4) and 8 | 40,277,863 | 84 | 36,499,998 | 84 | 34,046,381 | 82 |
| 1410 | Prepayments | | 248,608 | 1 | 109,095 | — | 128,492 | — |
| 1470 | Other current assets | 6 (5) and 8 | 2,606,001 | 5 | 2,301,169 | 5 | 2,169,515 | 5 |
| 11XX | Total current assets | | <u>45,354,222</u> | <u>94</u> | <u>40,642,724</u> | <u>93</u> | <u>38,433,851</u> | <u>92</u> |
| Non-current assets | | | | | | | | |
| 1550 | Investment accounted for using the equity method | 6 (6) | 62,660 | — | 66,029 | — | 54,255 | — |
| 1600 | Property, plant, and equipment | | 237,588 | 1 | 199,988 | 1 | 204,046 | 1 |
| 1755 | Right-of-use assets | | 23,769 | — | 28,683 | — | 33,597 | — |
| 1760 | Investment properties, net | 6 (7) and 8 | 247,572 | 1 | 299,165 | 1 | 313,623 | 1 |
| 1840 | Deferred income tax assets | 6 (23) | 28,416 | — | 24,230 | — | 23,398 | — |
| 1900 | Other non-current assets | 6 (3) (11) and 8 | 2,103,706 | 4 | 2,331,292 | 5 | 2,524,242 | 6 |
| 15XX | Total non-current assets | | <u>2,703,711</u> | <u>6</u> | <u>2,949,387</u> | <u>7</u> | <u>3,153,161</u> | <u>8</u> |
| 1XXX | Total assets | | <u>\$ 48,057,933</u> | <u>100</u> | <u>\$ 43,592,111</u> | <u>100</u> | <u>\$ 41,587,012</u> | <u>100</u> |

(Continued on the Next Page)

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
June 30, 2024, December 31, and June 30, 2023

Unit: NT\$ thousands

| Liability and equity | Notes | June 30, 2024 | | December 31, 2023 | | June 30, 2023 | | |
|--|--|---------------|----------------------|-------------------|----------------------|---------------|----------------------|------------|
| | | Amount | % | Amount | % | Amount | % | |
| Current liabilities | | | | | | | | |
| 2100 | Short-term loans | 6 (8) | \$ 15,320,947 | 32 | \$ 12,112,470 | 28 | \$ 10,681,890 | 26 |
| 2110 | Short-term bills payable | 6 (9) | 299,428 | 1 | — | — | 299,698 | 1 |
| 2130 | Contract liabilities—current | 6 (17) | 5,906,142 | 12 | 3,725,080 | 8 | 4,026,083 | 9 |
| 2150 | Notes payable | | 5,703 | — | 25,917 | — | 14,298 | — |
| 2170 | Accounts payable | 7 | 1,263,709 | 3 | 1,673,490 | 4 | 1,124,611 | 3 |
| 2200 | Other payables | 6 (15) (25) | 2,367,754 | 5 | 517,127 | 1 | 375,854 | 1 |
| 2230 | Current income tax liabilities | | 120,271 | — | 327,046 | 1 | 427,097 | 1 |
| 2280 | Lease liabilities—current | | 11,173 | — | 12,398 | — | 13,617 | — |
| 2320 | Long-term liabilities due within one year or one operating cycle | 6 (11) | 1,586,971 | 3 | 1,292,600 | 3 | 1,711,331 | 4 |
| 2399 | Other current liabilities—others | 6 (10) | 169,741 | — | 185,371 | — | 306,350 | 1 |
| 21XX | Total current liabilities | | <u>27,051,839</u> | <u>56</u> | <u>19,871,499</u> | <u>45</u> | <u>18,980,829</u> | <u>46</u> |
| Non-current liabilities | | | | | | | | |
| 2540 | Long-term loans | 6 (11) | 1,994,021 | 4 | 2,838,936 | 7 | 3,800,858 | 9 |
| 2570 | Deferred income tax liabilities | 6 (23) | 9,417 | — | 3,512 | — | 3,076 | — |
| 2580 | Lease liabilities—non-current | | 12,922 | — | 16,590 | — | 20,234 | — |
| 2600 | Other non-current liabilities | 6 (4) (12) | 44,075 | — | 66,337 | — | 64,032 | — |
| 25XX | Total non-current liabilities | | <u>2,060,435</u> | <u>4</u> | <u>2,925,375</u> | <u>7</u> | <u>3,888,200</u> | <u>9</u> |
| 2XXX | Total liabilities | | <u>29,112,274</u> | <u>60</u> | <u>22,796,874</u> | <u>52</u> | <u>22,869,029</u> | <u>55</u> |
| Equity attributable to owners of the parent company | | | | | | | | |
| Share capital | | | | | | | | |
| 3110 | Share capital from common stock | 6 (13) | 3,044,940 | 7 | 2,768,127 | 7 | 2,768,127 | 7 |
| Additional paid-in capital | | | | | | | | |
| 3200 | Additional paid-in capital | 6 (14) | 81,896 | — | 80,727 | — | 80,293 | — |
| Retained earnings | | | | | | | | |
| 3310 | Legal reserves | 6 (15) | 4,655,875 | 10 | 4,297,756 | 10 | 4,297,756 | 10 |
| 3350 | Unappropriated retained earnings | | 11,117,247 | 23 | 13,619,049 | 31 | 11,526,054 | 28 |
| Other equity interest | | | | | | | | |
| 3400 | Other equity interest | 6 (16) | 35,767 | — | 11,940 | — | 9,963 | — |
| 3500 | Treasury stocks | 6 (13) | (850) | — | (850) | — | (850) | — |
| 31XX | Total equity attributable to owners of the parent company | | <u>18,934,875</u> | <u>40</u> | <u>20,776,749</u> | <u>48</u> | <u>18,681,343</u> | <u>45</u> |
| 36XX | Non-controlling interests | | <u>10,784</u> | <u>—</u> | <u>18,488</u> | <u>—</u> | <u>36,640</u> | <u>—</u> |
| 3XXX | Total equity | | <u>18,945,659</u> | <u>40</u> | <u>20,795,237</u> | <u>48</u> | <u>18,717,983</u> | <u>45</u> |
| Material commitments or | | | | | | | | |
| 3X2X | Total liabilities and equity | 9 | <u>\$ 48,057,933</u> | <u>100</u> | <u>\$ 43,592,111</u> | <u>100</u> | <u>\$ 41,587,012</u> | <u>100</u> |

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

Chairman: Chung Long-Chang

Manager: Hung Chia-Sheng

Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to June 30, 2024 and 2023

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

| Items | Notes | April 1 to June 30, 2024 | | April 1 to June 30, 2023 | | January 1 to June 30, 2024 | | January 1 to June 30, 2023 | | |
|-------|---|--------------------------|--------------|--------------------------|--------------|----------------------------|--------------|----------------------------|--------------|------|
| | | Amount | % | Amount | % | Amount | % | Amount | % | |
| 4000 | Operating revenue | 6 (17) | \$ 1,735,822 | 100 | \$ 1,605,573 | 100 | \$ 1,743,068 | 100 | \$ 6,319,172 | 100 |
| 5000 | Operating costs | 6 (18) (19) and 7 | (1,172,767) | (68) | (998,037) | (62) | (1,174,315) | (67) | (3,936,427) | (62) |
| 5900 | Gross profit | | 563,055 | 32 | 607,536 | 38 | 568,753 | 33 | 2,382,745 | 38 |
| | Operating expenses | 6 (18) (19) and 7 | | | | | | | | |
| 6100 | Selling expenses | | (27,509) | (2) | (48,249) | (3) | (30,835) | (2) | (160,327) | (3) |
| 6200 | Administrative expenses | | (102,606) | (6) | (100,962) | (6) | (180,339) | (10) | (276,235) | (4) |
| 6000 | Total operational expenses | | (130,115) | (8) | (149,211) | (9) | (211,174) | (12) | (436,562) | (7) |
| 6900 | Operating profit | | 432,940 | 24 | 458,325 | 29 | 357,579 | 21 | 1,946,183 | 31 |
| | Non-operating income and expenses | | | | | | | | | |
| 7100 | Interest income | 6 (20) | 23,547 | 1 | 25,478 | 2 | 38,914 | 2 | 41,746 | 1 |
| 7010 | Other income | 6 (21) | 12,302 | 1 | 4,258 | — | 16,630 | 1 | 13,818 | — |
| 7020 | Other gains and losses | | (27,831) | (2) | (18,254) | (1) | (31,450) | (2) | (47,054) | (1) |
| 7050 | Financial cost | 6 (22) | (35,551) | (2) | (38,887) | (3) | (64,058) | (4) | (68,635) | (1) |
| 7060 | Share of profit (loss) of associates and joint ventures accounted for using the equity method | 6 (6) | 1,781 | — | 2,183 | — | 5,537 | — | 5,318 | — |
| 7000 | Total non-operating income and expenses | | (25,752) | (2) | (25,222) | (2) | (34,427) | (3) | (54,807) | (1) |
| 7900 | Pre-tax profit | | 407,188 | 22 | 433,103 | 27 | 323,152 | 18 | 1,891,376 | 30 |
| 7950 | Income tax expense | 6 (23) | (122,767) | (7) | (129,294) | (8) | (114,480) | (6) | (410,017) | (7) |
| 8200 | Net income | | \$ 284,421 | 15 | \$ 303,809 | 19 | \$ 208,672 | 12 | \$ 1,481,359 | 23 |

(Continued on Next Page)

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to June 30, 2024 and 2023

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

| Items | Notes | April 1 to June 30, 2024 | | April 1 to June 30, 2023 | | January 1 to June 30, 2024 | | January 1 to June 30, 2023 | |
|--|-------------|--------------------------|----|--------------------------|----|----------------------------|----|----------------------------|----|
| | | 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 | | 35,376 | 2 | (6,647) | — | 37,230 | 2 | (2,668) | — |
| 8399 Income tax associated with items that may be reclassified | 6 (16) (23) | (5,660) | — | 1,064 | — | (5,957) | — | 427 | — |
| 8360 Total amount of items that may be reclassified to profit of loss | | 29,716 | 2 | (5,583) | — | 31,273 | 2 | (2,241) | — |
| 8300 Other comprehensive income (net) | | \$ 29,716 | 2 | \$ (5,583) | — | \$ 31,273 | 2 | \$ (2,241) | — |
| 8500 Total comprehensive income | | \$ 314,137 | 17 | \$ 298,226 | 19 | \$ 239,945 | 14 | \$ 1,479,118 | 23 |
| Profit attributable to: | | | | | | | | | |
| 8610 Owners of parent company | | \$ 284,385 | 16 | \$ 302,970 | 19 | \$ 209,225 | 12 | \$ 1,488,196 | 23 |
| 8620 Non-controlling interests | | 36 | — | 839 | — | (553) | — | (6,837) | — |
| | | \$ 284,421 | 16 | \$ 303,809 | 19 | \$ 208,672 | 12 | \$ 1,481,359 | 23 |
| Total comprehensive income attributable to: | | | | | | | | | |
| 8710 Owners of parent company | | \$ 307,026 | 18 | \$ 298,717 | 19 | \$ 233,052 | 13 | \$ 1,486,489 | 23 |
| 8720 Non-controlling interests | | 7,111 | — | (491) | — | 6,893 | — | (7,371) | — |
| | | \$ 314,137 | 18 | \$ 298,226 | 19 | \$ 239,945 | 13 | \$ 1,479,118 | 23 |
| Basic earnings per share | 6 (24) | | | | | | | | |
| 9750 Basic earnings per share | | \$ 0.93 | | \$ 1.00 | | \$ 0.69 | | \$ 4.89 | |
| Diluted earnings per share | 6 (24) | | | | | | | | |
| 9850 Diluted earnings per share | | \$ 0.93 | | \$ 0.99 | | \$ 0.69 | | \$ 4.87 | |

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

Chairman: Chung Long-Chang

Manager: Hung Chia-Sheng

Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to June 30, 2024 and 2023

Unit: NT\$ thousands

| Equity attributable to owners of the parent company | | | | | | | | | | | | |
|---|---------------------------------|--|----------------------------|-----------|-------------------|----------------------------------|---|-----------------|----------|---------------------------|--------------|---------------|
| Notes | Share capital from common stock | Additional paid-in capital | | | Retained earnings | | Exchange differences on translation of foreign financial statements | Treasury stocks | Total | Non-controlling interests | Total equity | |
| | | Premium of convertible corporate bonds | Treasury stock transaction | Others | Legal reserves | Unappropriated retained earnings | | | | | | |
| January 1 to June 30, 2023 | | | | | | | | | | | | |
| | | \$2,768,127 | \$ 46,100 | \$ 31,252 | \$ 1,634 | \$ 4,001,673 | \$ 12,410,036 | \$ 11,670 | \$ (850) | \$ 19,269,642 | \$ 101,860 | \$ 19,371,502 |
| | | — | — | — | — | — | 1,488,196 | — | — | 1,488,196 | (6,837) | 1,481,359 |
| | 6 (16) | — | — | — | — | — | — | (1,707) | — | (1,707) | (534) | (2,241) |
| | | — | — | — | — | — | 1,488,196 | (1,707) | — | 1,486,489 | (7,371) | 1,479,118 |
| | 6 (15) | — | — | — | — | 296,083 | (296,083) | — | — | — | — | — |
| | | — | — | — | — | — | (2,076,095) | — | — | (2,076,095) | — | (2,076,095) |
| | | — | — | 1,307 | — | — | — | — | — | 1,307 | — | 1,307 |
| | | — | — | — | — | — | — | — | — | — | (57,849) | (57,849) |
| | | \$2,768,127 | \$ 46,100 | \$ 32,559 | \$ 1,634 | \$ 4,297,756 | \$ 11,526,054 | \$ 9,963 | \$ (850) | \$ 18,681,343 | \$ 36,640 | \$ 18,717,983 |
| January 1 to June 30, 2024 | | | | | | | | | | | | |
| | | \$2,768,127 | \$ 46,100 | \$ 32,559 | \$ 2,068 | \$ 4,297,756 | \$ 13,619,049 | \$ 11,940 | \$ (850) | \$ 20,776,749 | \$ 18,488 | \$ 20,795,237 |
| | | — | — | — | — | — | 209,225 | — | — | 209,225 | (553) | 208,672 |
| | 6 (16) | — | — | — | — | — | — | 23,827 | — | 23,827 | 7,446 | 31,273 |
| | | — | — | — | — | — | 209,225 | 23,827 | — | 233,052 | 6,893 | 239,945 |
| | 6 (15) | — | — | — | — | 358,119 | (358,119) | — | — | — | — | — |
| | | — | — | — | — | — | (2,076,095) | — | — | (2,076,095) | — | (2,076,095) |
| | | 276,813 | — | — | — | — | (276,813) | — | — | — | — | — |
| | | — | — | 1,308 | — | — | — | — | — | 1,308 | — | 1,308 |
| | | — | — | — | (139) | — | — | — | — | (139) | — | (139) |
| | | — | — | — | — | — | — | — | — | — | (14,597) | (14,597) |
| | | \$3,044,940 | \$ 46,100 | \$ 33,867 | \$ 1,929 | \$ 4,655,875 | \$ 11,117,247 | \$ 35,767 | \$ (850) | \$ 18,934,875 | \$ 10,784 | \$ 18,945,659 |

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

Chairman: Chung Long-Chang

Manager: Hung Chia-Sheng

Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to June 30, 2024 and 2023

| | Notes | Unit: NT\$ thousands | |
|---|-------------|----------------------------|----------------------------|
| | | January 1 to June 30, 2024 | January 1 to June 30, 2023 |
| <u>Cash flow from operating activities</u> | | | |
| Current net profit before tax | | \$ 323,152 | \$ 1,891,376 |
| Adjusted items | | | |
| Income and expense items | | | |
| Share of profit (loss) of associates and joint ventures accounted for using the equity method | 6 (6) | (5,537) | (5,318) |
| Amortization | 6 (18) | 981 | 1,093 |
| Depreciation expenses | 6 (18) | 11,781 | 13,926 |
| Interest expense | 6 (22) | 64,058 | 68,635 |
| Interest income | 6 (20) | (38,914) | (41,746) |
| Loss (gain) on disposal of property, plant, and equipment | | — | — |
| Loss (gain) on disposal of investment properties | | 3,700 | 40,788 |
| 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 | | 5,201 | 73,332 |
| Notes and accounts receivable, net | | (98,785) | (9,928) |
| Other receivables | | (36,261) | (53,093) |
| Inventories | | (3,654,114) | 214,916 |
| Prepayments | | (139,513) | (36,226) |
| Restricted deposits | | (137,347) | (384,626) |
| Other current assets | | (160,875) | 71,469 |
| Deferred income tax assets | | (4,186) | 859 |
| Long-term installment accounts receivable | | 150,663 | 163,300 |
| Net change in liabilities relating to operating activities | | | |
| Notes payable | | (20,214) | 1,927 |
| Accounts payable | | (409,781) | (176,643) |
| Other payables | | (225,468) | (111,187) |
| Contract liabilities | | 2,181,062 | (620,957) |
| Advance receipts | | 7,682 | 54,928 |
| Other current liabilities | | (23,310) | (43,845) |
| Other non-current liabilities | | (1,483) | (798) |
| Changes in deferred income tax liabilities | | 5,905 | (485) |
| Realized amount of unrealized revenue within this period | | — | (2,746) |
| Cash inflow generated from operations | | (2,201,603) | 1,108,951 |
| Dividends received | | 6,661 | 5,600 |
| Interest received | 6 (20) | 38,914 | 41,746 |
| Interest paid | 6 (22) | (188,381) | (153,632) |
| Income tax paid | | (320,183) | (426,465) |
| Cash inflow (outflow) from operating activities, net | | (2,664,592) | 576,200 |
| <u>Cash flow from investment activities</u> | | | |
| Proceeds from acquisition of property, plant, and equipment | | (41,954) | (1,370) |
| Disposal of investment properties | | 4,124 | 117,745 |
| Decrease (Increase) in other non-current assets | | (825) | 137 |
| Increase in refundable deposits | | (75,885) | (69,266) |
| Decrease in refundable deposits | | 151,192 | 56,965 |
| Cash inflow from investment activities, net | | 36,652 | 104,211 |
| <u>Cash flow from financing activities</u> | | | |
| Increase in short-term loans | 6 (25) | 9,928,477 | 4,330,000 |
| Decrease in short-term loans | 6 (25) | (6,720,000) | (2,400,000) |
| Increase in short-term bills payable | 6 (25) | 600,000 | 900,000 |
| Decrease in short-term bills payable | 6 (25) | (300,000) | (900,000) |
| Long-term loans borrowed | 6 (25) | 20,097 | 2,101,403 |
| Long-term loans repaid | 6 (25) | (570,641) | (2,441,426) |
| Redemption of lease principal | 6 (25) | (4,894) | (4,837) |
| Increase in guarantee deposits received | 6 (25) | 4,381 | 11,565 |
| Decrease in guarantee deposits received | 6 (25) | (25,160) | (17,642) |
| Changes in non-controlling interests | | (14,597) | (57,849) |
| Cash dividends paid—parent company | 6 (15) (25) | — | (2,076,095) |
| Cash inflow (outflow) from financing activities, net | | 2,917,663 | (554,881) |
| Impacts on cash and cash equivalents from changes in exchange rates | | 74,869 | (9,806) |
| Increase in cash and cash equivalents for the period | | 364,592 | 115,724 |
| Cash and cash equivalents at the beginning of the period | | 1,513,506 | 1,699,161 |
| Cash and cash equivalents at the end of the period | | \$ 1,878,098 | \$ 1,814,885 |

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

Chairman: Chung Long-Chang

Manager: Hung Chia-Sheng

Accounting Supervisor: Liu Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Notes for Consolidated Financial Statements

Q2 of 2024 and 2023

Unit: NT\$ thousands
(Unless specified otherwise)

I. Company History

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

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved and issued on August 8, 2024 by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

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

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

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

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

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

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

| New standards, interpretations and amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendment to IAS 21 “Lack of Exchangeability” | January 1, 2025 |
| The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group’s financial position and financial performance. | |

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

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

| New standards, interpretations and amendments | Effective date by International Accounting Standards Board |
|--|---|
| Amendments to IFRS 9 and IFRS 7, “Classification and Measurement of Financial Instruments” | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by International Accounting Standards Board |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information” | January 1, 2023 |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” | January 1, 2027 |
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

IV. Significant Accounting Policies and Summary Statements

Significant accounting policies, except for the Statement of Compliance, Preparation Basis, Basis of Consolidation, and the following new additions, remain the same as Note 4 to the 2023 consolidated financial statements. These policies have been consistently applied to all the reporting periods presented unless otherwise stated.

(I) Statement of Compliance

1. The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Accounting Standards (IAS) 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC.
2. This consolidated financial report should be read in conjunction with the 2023 consolidated financial report.

(II) Preparation Basis

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

(III) Basis of Consolidation

1. Basis for preparation of consolidated financial statements

The basis of preparation for this consolidated financial report is the same as that of the 2023 consolidated financial report.

2. Subsidiaries included in the consolidated financial statements:

| Investor company | Name of subsidiaries | Business activities | Percentage owned by the Company | | | Details |
|------------------|---|---|---------------------------------|-------------------|---------------|---------|
| | | | June 30, 2024 | December 31, 2023 | June 30, 2023 | |
| 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 | Note 2 |

Note 1: Except for the financial statements of the aforementioned subsidiary Pin Shing Construction Co., Ltd., which have been reviewed by a CPA, the remaining subsidiaries do not meet the definition of significant subsidiaries. Therefore, their financial statements for the period from January 1 to June 30, 2024 and 2023, have not been reviewed by an accountant.

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

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

(IV) Pensions

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

(V) Income Tax

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

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

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

VI. Descriptions of Material Accounting Items

(I) Cash and cash equivalents

| | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|---------------------------------------|----------------------|------------------------------|----------------------|
| Cash on hand and revolving fund | \$ 245 | \$ 215 | \$ 238 |
| Checking deposits and demand deposits | 1,877,853 | 1,433,571 | 1,711,984 |
| Cash equivalents | | | |
| — Time Deposit | — | — | 12,846 |
| — Bonds with repurchase agreement | — | 79,720 | 89,817 |
| | <u>\$ 1,878,098</u> | <u>\$ 1,513,506</u> | <u>\$ 1,814,885</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 and loss—current

| | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|--------------------------|----------------------|
| Financial products mandatorily measured at fair value through profit or loss | | | |
| — Financial products | <u>\$ 27,070</u> | <u>\$ 32,271</u> | <u>\$ 69,840</u> |

The Group's financial assets measured at fair value through profit and loss were recognized as gains and losses in the amount of \$26,912, \$1,714, \$27,070, and \$3,030 for the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, respectively.

(III) Notes and accounts receivable

| | <u>June 30, 2024</u> | <u>Amount of receivables</u> | <u>Guaranteed loan amount</u> |
|---------------------|----------------------|----------------------------------|-----------------------------------|
| Notes receivable | | | |
| Within 1 year | \$ 151,811 | \$ — | \$ — |
| Accounts receivable | | | |
| Within 1 year | 117,513 | 109,948 | 109,948 |
| Over 1 year (Note) | 2,005,794 | 1,994,021 | 1,994,021 |
| | <u>\$ 2,275,118</u> | <u>\$ 2,103,969</u> | <u>\$ 2,103,969</u> |

(Continued on next page)

(Continued from last page)

| | December 31, 2023 | Amount of receivables guaranteed | Guaranteed loan amount |
|---------------------|---------------------|--|---------------------------|
| Notes receivable | | | |
| Within 1 year | \$ 55,850 | \$ — | \$ — |
| Accounts receivable | | | |
| Within 1 year | 119,838 | 107,895 | 107,895 |
| Over 1 year (Note) | 2,151,309 | 2,139,536 | 2,139,536 |
| | <u>\$ 2,326,997</u> | <u>\$ 2,247,431</u> | <u>\$ 2,247,431</u> |
| | | Amount of receivables guaranteed | Guaranteed loan amount |
| | June 30, 2023 | | |
| Notes receivable | | | |
| Within 1 year | \$ 15,761 | \$ — | \$ — |
| Accounts receivable | | | |
| Within 1 year | 123,847 | 95,094 | 95,094 |
| Over 1 year (Note) | 2,344,231 | 2,332,458 | 2,332,458 |
| | <u>\$ 2,483,839</u> | <u>\$ 2,427,552</u> | <u>\$ 2,427,552</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 loans with accounts receivable as collateral is as above.
2. The balances of receivables (including notes receivable) contracted by the Group and clients as of June 30, 2024, December 31, and June 30, 2023 were \$2,141,620, \$2,483,016, and \$2,634,486, respectively.
3. Interest income recognized by the Group in profit or loss for the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, were \$14,970, \$16,353, \$29,981, and \$32,418, 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 June 30, 2024, December 31, and June 30, 2023 are 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

| | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|--------------------------|----------------------|
| <u>Buildings and land held for sale</u> | | | |
| Huaku Greenside Mansion | \$ 788,779 | \$ — | \$ — |
| Huaku National Landmark | 697,920 | 732,703 | 913,983 |
| Sand River Bay | 121,623 | 118,395 | 132,437 |
| Huaku Royal Highness | — | — | 517,304 |
| Huaku Sky Garden | — | — | 78,927 |
| Huaku Fine Art | — | 14,989 | 71,215 |
| | <u>1,608,322</u> | <u>866,087</u> | <u>1,713,866</u> |
| Less: Allowance for valuation loss | <u>(64,330)</u> | <u>(63,533)</u> | <u>(116,537)</u> |
| | <u>1,543,992</u> | <u>802,554</u> | <u>1,597,329</u> |
| <u>Construction in progress</u> | | | |
| Huaku Asia One | \$ 5,535,390 | \$ 5,192,744 | \$ 4,944,257 |
| Huaku Summit (formerly Taichung Jingmao Road Project) | 3,820,014 | 3,768,312 | — |
| Huaku Fortune One | 3,403,260 | 3,241,397 | — |
| Huaku Casa Blanca | 3,123,256 | 2,844,392 | 2,605,334 |
| Huaku Central Landmark | 2,848,845 | 2,545,079 | 2,089,332 |
| Huaku Moon Light | 2,067,600 | 1,891,224 | 1,766,981 |
| Huaku Sky Tower | 1,514,723 | 1,418,968 | 1,301,206 |
| Huaku Da'an Tower | 1,448,483 | 1,196,094 | 813,085 |
| Ultimate Luxury (formerly Xinyi Guangfu Urban Renewal Project) | 1,020,249 | — | — |
| Huaku Greenside Mansion | — | 1,674,089 | 1,492,445 |
| Huaku Trade and Finance Center | — | — | 2,766,200 |
| Huaku Moon River | — | — | 2,618,416 |
| | <u>24,781,820</u> | <u>23,772,299</u> | <u>20,397,256</u> |
| <u>Land held for construction</u> | | | |
| Jang Dah Beitou Project | 3,104,254 | 2,987,690 | — |
| Guangpu Hsinchu Project, Second Phase | 2,098,264 | 2,094,173 | 2,032,374 |
| Wenlin North Road Project III | 1,809,406 | — | — |
| Huaku Mout River (formerly Renyi Street No. 57 Project) | 1,498,460 | — | — |
| Huaku Flourish Mansion (formerly Taichung Fengle Road Project) | 1,370,818 | 1,055,967 | — |

| | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|--------------------------|----------------------|
| Taichung Jingmao 5th Road Project | 1,343,356 | 1,336,469 | — |
| (Continued on next page) | | | |
| (Continued from last page) | | | |
| | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
| Huaku Chih Hsing (formerly Renyi Street No. 89 Project) | 842,962 | — | — |
| Jang Dah Xindian Project | 668,333 | 664,822 | 641,168 |
| Fuxing South Road Urban Renewal Project | 241,061 | 241,061 | 241,061 |
| Dunnan Project | 198,834 | 198,834 | 198,834 |
| Bellezza Hotel Project | 141,964 | — | — |
| Ultimate Luxury (formerly Xinyi Guangfu Urban Renewal Project) | — | 913,411 | 788,424 |
| Huaku Summit (formerly Taichung Jingmao Road Project) | — | — | 3,743,196 |
| Huaku Fortune One | — | — | 3,134,305 |
| Others | 233,495 | 338,686 | 146,525 |
| | <u>13,551,207</u> | <u>9,831,113</u> | <u>10,925,887</u> |
| <u>Land prepayments and others</u> | | | |
| Taichung Chongde 10th Road Project | 371,791 | — | — |
| Huaku Mout River (formerly Renyi Street No. 57 Project) | — | 1,253,682 | — |
| Huaku Chih Hsing (formerly Renyi Street No. 89 Project) | — | 820,086 | — |
| Jang Dah Beitou Project | — | — | 863,456 |
| Huaku Flourish Mansion (formerly Taichung Fengle Road Project) | — | — | 180,029 |
| Land and road usage volume | <u>42,360</u> | <u>33,571</u> | <u>95,731</u> |
| | 414,151 | 2,107,339 | 1,139,216 |
| Less: Allowance for valuation loss | <u>(13,307)</u> | <u>(13,307)</u> | <u>(13,307)</u> |
| | <u>400,844</u> | <u>2,094,032</u> | <u>1,125,909</u> |
| | <u>\$ 40,277,863</u> | <u>\$ 36,499,998</u> | <u>\$ 34,046,381</u> |

1. Huaku New World

(1) In 2013, the Company acquired the land rights and paid royalties of \$1.388 billion under the “Cooperative Development Contract for State-owned Land in and around the Training Center for Financial Officers of the Ministry of Finance” with

the National Property Administration, MOF, with a lease term of 70 years. This project recognized revenue when transferring land and house use rights to customers between 2017 and 2021.

- (2) Some units following the Company's policy of leasing are transferred to the "Investment Property" item along with the land use rights after completion of registration.
 - (3) Please refer to 6 (11) for details of the information on the property of this project provided as a guarantee.
2. On June 4, 2010, the Company signed a contract to sell part of the land held in the Sanyu Section of Taipei City (Huaku Sky Garden Project) to Tsai, a non-related person. The full land price of the sales transaction has been received and the ownership transfer procedure has been 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 June 30, 2024, December 31, and June 30, 2023, the unrealized amounts were \$0, \$0 and \$1,850, respectively, which were listed under "Other non-current liabilities".
 3. The cost of inventories recognized as an expense for the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, were \$1,171,723, \$1,000,325, \$1,172,176, and \$3,937,690, respectively, which included the cost of goods sold \$(136), \$3,534, \$797, and \$(9,476), respectively, recognized from cost adjustments to net realizable value. In Q2 2024, the net realizable value of inventories rebounded due to the sale of a portion of the inventories with a net realizable value lower than the cost.
 4. The amount of interest capitalized in the Group's inventories for the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, was \$64,735, \$37,839, \$123,751, and \$84,895, respectively, and the net interest rate margin range within the capitalized interest was 1.58%-2.21%, 1.12%-1.96%, 1.58%-2.21%, and 1.81%-1.97%, respectively.
 5. In the cases of "Huaku National Landmark" and "Huaku Central Landmark" developed and constructed by the Group, agreements were signed with the Economic Development Department of the New Taipei City Government, which stipulates that the transfer of the property rights of certain floors will be processed five years from the date of obtaining the license to use these floors.
 6. Please refer to Note 8 for details of the pledge of inventories by the Group.

(V) Other current assets

| | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|---|----------------------|--------------------------|----------------------|
| Restricted bank deposits | \$ 1,849,679 | \$ 1,712,332 | \$ 1,636,277 |
| Construction refundable deposits | 333,870 | 326,279 | 238,571 |
| Incremental costs for obtaining contracts | 351,306 | 231,436 | 264,169 |
| Other current assets | 71,146 | 31,122 | 30,498 |
| | <u>\$ 2,606,001</u> | <u>\$ 2,301,169</u> | <u>\$ 2,169,515</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

| | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> | <u>Shareholding percentage</u> |
|--|----------------------|--------------------------|----------------------|--------------------------------|
| Associates: | | | | |
| Taiwan Digit Automated Control Co., Ltd. | \$ 29,239 | \$ 32,018 | \$ 23,016 | 40.00 |
| Full Come Foundation Engineering Co., Ltd. | 28,262 | 28,611 | 25,779 | 38.05 |
| Joint ventures: | | | | |
| Huapu Construction Co., Ltd. | 5,159 | 5,400 | 5,460 | 50.00 |
| | <u>\$ 62,660</u> | <u>\$ 66,029</u> | <u>\$ 54,255</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 June 30, 2024, December 31, and June 30, 2023, please refer to the table above; the operating results are as follows:

| | <u>April 1 to June 30, 2024</u> | <u>April 1 to June 30, 2023</u> |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Net income from continuing operations | \$ 1,781 | \$ 2,183 |
| Other comprehensive income | — | — |
| Total comprehensive income | <u>\$ 1,781</u> | <u>\$ 2,183</u> |
| | <u>January 1 to June 30, 2024</u> | <u>January 1 to June 30, 2023</u> |
| Net income from continuing operations | \$ 5,537 | \$ 5,318 |
| Other comprehensive income | — | — |
| Total comprehensive income | <u>\$ 5,537</u> | <u>\$ 5,318</u> |

3. There are no public quotations for the investment targets of the Group. For the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, the share of profits and losses of associates recognized under the equity method was evaluated and disclosed on the basis of the unaudited financial statements of each such investee for the same period.

(VII) Investment property

| | 2024 | | |
|--------------------------------------|-----------------|------------------------------|-------------------|
| | Land | House and land use rights | Total |
| January 1 | \$ 4,360 | \$ 294,805 | \$ 299,165 |
| Disposal | — | (7,825) | (7,825) |
| Outbound transfers for the period | — | (42,151) | (42,151) |
| Accumulated Depreciation | — | (2,509) | (2,509) |
| Net exchange differences | — | 892 | 892 |
| June 30 | <u>\$ 4,360</u> | <u>\$ 243,212</u> | <u>\$ 247,572</u> |
| | 2023 | | |
| | Land | House and land use rights | Total |
| January 1 | \$ 4,360 | \$ 474,277 | \$ 478,637 |
| Disposal | — | (158,533) | (158,533) |
| Accumulated Depreciation | — | (4,580) | (4,580) |
| Net exchange differences | — | (1,901) | (1,901) |
| June 30 | <u>\$ 4,360</u> | <u>\$ 309,263</u> | <u>\$ 313,623</u> |

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

| | April 1 to June 30, 2024 | April 1 to June 30, 2023 |
|---|--------------------------|--------------------------|
| Rental revenue from investment property | <u>\$ 2,525</u> | <u>\$ 3,300</u> |
| Direct operating expenses incurred by investment property generating rental revenue in the current period | <u>\$ 2,247</u> | <u>\$ 2,846</u> |

| | January 1 to June 30, 2024 | January 1 to June 30, 2023 |
|---|-------------------------------|-------------------------------|
| Rental revenue from investment property | \$ 5,407 | \$ 8,156 |
| Direct operating expenses incurred by investment property generating rental revenue in the current period | \$ 3,715 | \$ 6,819 |

- The fair values of investment properties held by the Group as of June 30, 2024, December 31, and June 30, 2023, were \$613,244, \$649,143, and \$652,338, respectively, which were classified as Level 2 fair values by reference to the appraisal results of independent appraisal specialists and the recent transaction prices of the construction of each investment property or the recent transaction prices of similar targets in the region.
- The maturity analysis of the lease payments for the investment properties leased out by the Group under operating leases is as follows:

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---------------|---------------|-------------------|---------------|
| Within 1 year | \$ 10,809 | \$ 12,355 | \$ 13,556 |
| 2 to 5 years | 34,499 | 38,633 | 48,334 |
| Over 5 years | 6,867 | 10,276 | 17,694 |
| | \$ 52,175 | \$ 61,264 | \$ 79,584 |

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

(VIII) Short-term loans

| Loan type | June 30, 2024 | Interest rate range | Collateral |
|--------------------|---------------|---------------------|------------------------------------|
| <u>Bank loans</u> | | | |
| Secured bank loans | \$ 13,770,947 | 1.96%~2.75% | Inventories— buildings and land |
| Credit loans | 1,550,000 | 1.89%~2.19% | None |
| | \$ 15,320,947 | | |

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

| <u>Loan type</u> | <u>June 30, 2023</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|--------------------|----------------------|----------------------------|--------------------------------|
| <u>Bank loans</u> | | | |
| Secured bank loans | \$ 9,631,890 | 1.75%~2.62% | Inventories—buildings and land |
| Credit loans | 1,050,000 | 1.70%~1.93% | None |
| | <u>\$ 10,681,890</u> | | |

(IX) Short-term bills payable

| <u>Loan type</u> | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|--------------------------|----------------------|
| Short-term bills payable | \$ 300,000 | \$ — | \$ 300,000 |
| Less: Discount on short-term bills payable | (572) | — | (302) |
| Net | <u>\$ 299,428</u> | <u>\$ —</u> | <u>\$ 299,698</u> |
| Interest rate range | 2.22%~2.27% | | 2.07%~2.1% |

(X) Other current liabilities—others

| | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|---------------------|----------------------|--------------------------|----------------------|
| Warranty provisions | \$ 86,759 | \$ 92,442 | \$ 87,921 |
| Payment collection | 51,018 | 14,384 | 90,246 |
| Others | 31,964 | 78,545 | 128,183 |
| | <u>\$ 169,741</u> | <u>\$ 185,371</u> | <u>\$ 306,350</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>June 30, 2024</u> |
|--|--|----------------------------|-----------------------|----------------------|
| <u>Long-term bank loans</u> | | | | |
| Credit loans | From June 2023 to June 2025; the interest is paid on a monthly basis | 1.91%~2.05% | None | \$ 968,400 |
| " | From July 2022 to July 2024; the interest is paid on a monthly basis | " | " | 500,000 |
| Loans secured by accounts receivable | From June 2017 to September 2039; the loan and the accrued interest is repaid on a monthly basis | 2.69% | Read Note for details | 2,112,592 |
| | | | | <u>3,580,992</u> |
| Less: Long-term loans due within one year or one operating cycle | | | | <u>(1,586,971)</u> |
| | | | | <u>\$ 1,994,021</u> |

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| Loan type | Loan period and repayment method | Interest rate range | Collateral | December 31, 2023 |
|--|--|---------------------|-----------------------|-------------------|
| <u>Long-term bank loans</u> | | | | |
| Credit loans | From June 2023 to June 2025; the interest is paid on a monthly basis | 1.55%~1.93% | None | \$ 1,076,000 |
| " | From July 2022 to July 2024; the interest is paid on a monthly basis | " | " | 800,000 |
| Loans secured by accounts receivable | From June 2017 to September 2039; the loan and the accrued interest is repaid on a monthly basis | 2.69% | Read Note for details | 2,255,536 |
| | | | | 4,131,536 |
| Less: Long-term loans due within one year or one operating cycle | | | | (1,292,600) |
| | | | | \$ 2,838,936 |

| Loan type | Loan period and repayment method | Interest rate range | Collateral | June 30, 2023 |
|--|--|---------------------|-----------------------|---------------|
| <u>Long-term bank loans</u> | | | | |
| Credit loans | From July 2022 to July 2024; the interest is paid on a monthly basis | 1.75%~1.93% | None | \$ 1,000,000 |
| " | 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 | 2,436,189 |
| | | | | 5,512,189 |
| Less: Long-term loans due within one year or one operating cycle | | | | (1,711,331) |
| | | | | \$ 3,800,858 |

The Group's unused balance of loan limit as of June 30, 2024, December 31, and June 30, 2023, were \$9,463,339, \$10,785,130, and \$8,668,130, 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 Company shall maintain all the following financial ratios on the basis of the consolidated annual financial statements audited by the accountant, which shall be checked once a year:
 - (1) Current ratio: not less than 100%.
 - (2) Debt ratio (total liabilities/tangible net worth): not greater than 230%.

(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 period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, the net pension costs recognized under the defined contribution plan aforementioned were \$170, \$192, \$341, and \$383, respectively.
 - (2) The Group expects to make a contribution of \$388 to the pension plans for the year ended December 31, 2024.
2. Starting from July 1, 2005, the Company and subsidiaries have set up a defined contribution plan for all employees with R.O.C. citizenship in accordance with the Labor Pension Act. For part of employees of the Company and its domestic subsidiaries who choose to apply the labor pension system as defined in the Labor Pension Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. The benefits accrued are paid monthly or in a lump sum upon termination of employment.
- (1) According to the elderly insurance system stipulated by the Government of the People's Republic of China, the Group contributes pensions monthly at a fixed rate of the total salaries of the employees of the Group's subsidiaries in mainland China. For the period from January 1 to June 30, 2024 and 2023, the contribution ratio was both 20%. The pension for each employee is managed by the government, hence the Group does not have further obligations except for making a monthly contribution.
 - (2) For the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, the net pension costs recognized under the defined contribution plan aforementioned were \$1,661, \$1,497, \$3,213, and \$3,001, respectively.

(XIII) Share capital

1. On May 29, 2024, the Company passed a resolution at the shareholders' meeting to increase capital by using undistributed earnings of \$276,813. The capital increase reference date was June 29, 2024, and the registration change has been completed with the Ministry of Economic Affairs.
2. As of June 30, 2024, the Company's authorized capital was \$5,000,000, and the paid-in capital was \$3,044,940 with a par value of NT\$10 per share. Share payments for the Company's issued stocks have been collected in full.

The adjustment of the number of outstanding shares of the Company at the beginning and end of the period is as follows:

| | 2024 | 2023 |
|--------------------------------|--------------------|--------------------|
| January 1 | 276,812,726 | 276,812,726 |
| Capital increase from earnings | 27,681,272 | — |
| June 30 | <u>304,493,998</u> | <u>276,812,726</u> |

3. Treasury stock

(1) The Company had no treasury stock transactions from January 1 to June 30, 2024 and 2023.

(2) As of June 30, 2024, December 31, and June 30, 2023, the Company's subsidiary Pin Shing Construction Co., Ltd., held the Company's shares for the purpose of investment profit; the details are as follows:

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|--|---------------|----------------------|---------------|
| Number of shares (thousand shares) | 192 | 174 | 174 |
| Carrying amounts | <u>\$ 850</u> | <u>\$ 850</u> | <u>\$ 850</u> |

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

(XV) Retained earnings

1. In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual accounts, the Company should first pay income tax to cover prior years' deficits, and if there is still a surplus, the Company should set aside a legal reserve of 10% of the paid-in capital, unless the legal reserve has already reached the paid-in capital. The remaining balance of the legal reserve should be added to the cumulative undistributed earnings of the previous year to arrive at the cumulative distributable

earnings. The aforementioned distributable earnings are reported to the shareholders in the shareholders' meeting after the Board of Directors resolves to distribute dividends.

2. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.
3. The Company may allocate earnings only after providing a special reserve for debt balance in other equity on the date of the balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
4. The Company reported the distribution of earnings for 2023 and 2022 at the shareholders' meetings on May 29, 2024, and May 24, 2023. The details are as follows:

| | 2023 | | 2022 | |
|-----------------|------------|----------------------------|------------|----------------------------|
| | Amount | Dividends per share (NT\$) | Amount | Dividends per share (NT\$) |
| Legal reserves | \$ 358,119 | | \$ 296,083 | |
| Cash dividends | 2,076,095 | \$ 7.5 | 2,076,095 | \$ 7.5 |
| Stock dividends | 276,813 | 1 | — | — |

(XVI) Other equity

| | 2024 | 2023 |
|----------------------------------|-----------|-----------|
| January 1 | \$ 11,940 | \$ 11,670 |
| Currency translation differences | | |
| — The Group | 29,784 | (2,134) |
| — Tax amount of the Group | (5,957) | 427 |
| June 30 | \$ 35,767 | \$ 9,963 |

(XVII) Operating revenue

| | April 1 to June 30, 2024 | April 1 to June 30, 2023 |
|--------------------------------------|----------------------------|----------------------------|
| Revenue from contract with customers | \$ 1,729,494 | \$ 1,599,028 |
| Lease revenue | 6,328 | 6,545 |
| | \$ 1,735,822 | \$ 1,605,573 |
| | January 1 to June 30, 2024 | January 1 to June 30, 2023 |
| Revenue from contract with customers | \$ 1,729,951 | \$ 6,304,465 |
| Lease revenue | 13,117 | 14,707 |
| | \$ 1,743,068 | \$ 6,319,172 |

1. Segments of revenue from contract with customers

The Group's income is derived from the sale of goods transferred at a certain point in time. The income can be further divided into the following main product lines and geographic regions:

| <u>April 1 to June 30, 2024</u> | <u>Sales of construction</u> | | <u>Total</u> |
|---|------------------------------|--------------|---------------------|
| | <u>Taiwan</u> | <u>China</u> | |
| Timing of revenue recognition | | | |
| — Revenue recognized at a specific timing | <u>\$ 1,729,494</u> | <u>\$ —</u> | <u>\$ 1,729,494</u> |

| <u>April 1 to June 30, 2023</u> | <u>Sales of construction</u> | | <u>Total</u> |
|---|------------------------------|------------------|---------------------|
| | <u>Taiwan</u> | <u>China</u> | |
| Timing of revenue recognition | | | |
| — Revenue recognized at a specific timing | <u>\$ 1,547,145</u> | <u>\$ 51,883</u> | <u>\$ 1,599,028</u> |

| <u>January 1 to June 30, 2024</u> | <u>Sales of construction</u> | | <u>Total</u> |
|---|------------------------------|---------------|---------------------|
| | <u>Taiwan</u> | <u>China</u> | |
| Timing of revenue recognition | | | |
| — Revenue recognized at a specific timing | <u>\$ 1,729,494</u> | <u>\$ 457</u> | <u>\$ 1,729,951</u> |

| <u>January 1 to June 30, 2023</u> | <u>Sales of construction</u> | | <u>Total</u> |
|---|------------------------------|-------------------|---------------------|
| | <u>Taiwan</u> | <u>China</u> | |
| Timing of revenue recognition | | | |
| — Revenue recognized at a specific timing | <u>\$ 6,197,125</u> | <u>\$ 107,340</u> | <u>\$ 6,304,465</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 June 30, 2024, which had not yet satisfied its performance obligations, are as follows:

| <u>Estimated recognized revenue year</u> | <u>Amount of contracts signed</u> |
|--|-----------------------------------|
| 2024-2027 | <u>\$ 30,630,605</u> |

3. Contract liabilities

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

| | June 30, 2024 | December 31, 2023 | June 30, 2023 | January 1, 2023 |
|-----------------------------|---------------------|----------------------|---------------------|---------------------|
| Contract liabilities | | | | |
| —current: | | | | |
| — Advance land receipts | \$ 4,024,723 | \$ 2,637,770 | \$ 2,787,234 | \$ 2,932,836 |
| — Advance building receipts | 1,881,419 | 1,087,310 | 1,238,849 | 1,714,204 |
| | <u>\$ 5,906,142</u> | <u>\$ 3,725,080</u> | <u>\$ 4,026,083</u> | <u>\$ 4,647,040</u> |

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

(2) Provision for opening contract liabilities:

| | April 1 to June 30, 2024 | April 1 to June 30, 2023 |
|---|----------------------------|----------------------------|
| Balance of initial contract liability recognized as revenue in the current period | | |
| — Construction pre-sale contract | \$ 358,012 | \$ 210,315 |
| | <u>\$ 358,012</u> | <u>\$ 210,315</u> |
| | January 1 to June 30, 2024 | January 1 to June 30, 2023 |
| Balance of initial contract liability recognized as revenue in the current period | | |
| — Construction pre-sale contract | \$ 358,012 | \$ 1,752,290 |
| | <u>\$ 358,012</u> | <u>\$ 1,752,290</u> |

(XVIII) Additional information regarding the nature of expense

| | April 1 to June 30, 2024 | April 1 to June 30, 2023 |
|---------------------------------------|--------------------------|--------------------------|
| Construction costs | \$ 1,171,743 | \$ 997,012 |
| Employee benefit expenses | 75,135 | 71,717 |
| Advertising expenses | 28,450 | 47,993 |
| Taxation | 18,641 | 17,878 |
| Depreciation and amortization | 6,132 | 6,966 |
| Other costs and expenses | 2,781 | 5,682 |
| Operating cost and operating expenses | <u>\$ 1,302,882</u> | <u>\$ 1,147,248</u> |

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| | January 1 to June 30, 2024 | January 1 to June 30, 2023 |
|--|-------------------------------|-------------------------------|
| Construction costs | \$ 1,172,265 | \$ 3,934,377 |
| Employee benefit expenses | 124,988 | 216,420 |
| Advertising expenses | 31,777 | 160,158 |
| Taxation | 34,092 | 32,227 |
| Depreciation and amortization | 12,762 | 15,019 |
| Other costs and expenses | 9,605 | 14,788 |
| Operating cost and operating expenses | <u>\$ 1,385,489</u> | <u>\$ 4,372,989</u> |
| (XIX) <u>Employee benefit expenses</u> | | |
| | April 1 to June 30, 2024 | April 1 to June 30, 2023 |
| Salary and bonuses | \$ 60,635 | \$ 57,602 |
| Directors' remuneration | 5,447 | 6,402 |
| Labor and health insurance expenses | 3,234 | 3,095 |
| Pension expenses | 1,831 | 1,689 |
| Other personnel cost | 3,988 | 2,929 |
| | <u>\$ 75,135</u> | <u>\$ 71,717</u> |
| | January 1 to June 30, 2024 | January 1 to June 30, 2023 |
| Salary and bonuses | \$ 95,848 | \$ 169,216 |
| Directors' remuneration | 6,631 | 25,770 |
| Labor and health insurance expenses | 12,219 | 10,458 |
| Pension expenses | 3,554 | 3,384 |
| Other personnel cost | 6,736 | 7,592 |
| | <u>\$ 124,988</u> | <u>\$ 216,420</u> |

1. As stated in the Articles of Incorporation, if there are any remaining profits after deducting the accumulated deficits from the profits of the year, the Company shall allocate 3%-5% of the remaining profits as compensation to employees, and remuneration to directors cannot exceed 2% of the remaining profits.
2. For the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, the Company's recognized compensation to employees amounted to \$9,986, \$13,411, \$9,986, and \$59,671, respectively, and remuneration to directors amounted to \$4,327, \$5,364, \$4,327, and \$23,868, respectively, all presented under payroll expense.

Based on the profitability for the period from January 1 to June 30, 2024, it is estimated that 3% and 1.3%, respectively, have been allocated.

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

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

(XX) Interest income

| | <u>April 1 to June 30, 2024</u> | <u>April 1 to June 30, 2023</u> |
|---|-----------------------------------|-----------------------------------|
| Interests on bank deposits | \$ 8,577 | \$ 9,125 |
| Interest income from financial assets at amortized cost | 14,970 | 16,353 |
| | <u>\$ 23,547</u> | <u>\$ 25,478</u> |
| | <u>January 1 to June 30, 2024</u> | <u>January 1 to June 30, 2023</u> |
| Interests on bank deposits | \$ 8,933 | \$ 9,328 |
| Interest income from financial assets at amortized cost | 29,981 | 32,418 |
| | <u>\$ 38,914</u> | <u>\$ 41,746</u> |

(XXI) Other income

| | <u>April 1 to June 30, 2024</u> | <u>April 1 to June 30, 2023</u> |
|--|-----------------------------------|-----------------------------------|
| Advertising service income | \$ 3,104 | \$ 2,795 |
| Transferred income from accounts payable | 8,332 | 568 |
| Other income | 866 | 895 |
| | <u>\$ 12,302</u> | <u>\$ 4,258</u> |
| | <u>January 1 to June 30, 2024</u> | <u>January 1 to June 30, 2023</u> |
| Advertising service income | \$ 6,679 | \$ 6,986 |
| Transferred income from accounts payable | 8,332 | 568 |
| Contract default income | 205 | — |
| Other income | 1,414 | 6,264 |
| | <u>\$ 16,630</u> | <u>\$ 13,818</u> |

(XXII) Financial cost

| | <u>April 1 to June 30, 2024</u> | <u>April 1 to June 30, 2023</u> |
|--|---------------------------------|---------------------------------|
| Interest expense | | |
| — Bank loans | \$ 84,238 | \$ 59,705 |
| — Loans secured by accounts receivable | 14,971 | 16,355 |
| — Lease liabilities | 89 | 119 |
| Financial expenses | 988 | 547 |
| | <u>100,286</u> | <u>76,726</u> |
| Less: Amount capitalized of qualified assets | <u>(64,735)</u> | <u>(37,839)</u> |
| | <u>\$ 35,551</u> | <u>\$ 38,887</u> |

| | <u>January 1 to June 30, 2024</u> | <u>January 1 to June 30, 2023</u> |
|--|-----------------------------------|-----------------------------------|
| Interest expense | | |
| — Bank loans | \$ 156,319 | \$ 119,259 |
| — Loans secured by accounts receivable | 29,982 | 32,456 |
| — Lease liabilities | 186 | 189 |
| Financial expenses | 1,322 | 1,626 |
| | <u>187,809</u> | <u>153,530</u> |
| Less: Amount capitalized of qualified assets | <u>(123,751)</u> | <u>(84,895)</u> |
| | <u>\$ 64,058</u> | <u>\$ 68,635</u> |

(XXIII) Income Tax

1. Income tax expense

(1) C

| | <u>April 1 to June 30, 2024</u> | <u>April 1 to June 30, 2023</u> |
|---|---------------------------------|---------------------------------|
| Current income tax: | | |
| Income tax incurred in the current period | \$ 67,905 | \$ 97,018 |
| Land value increment tax recognized in income tax in the current period | 7,914 | 3,164 |
| Tax on undistributed surplus earnings | 43,508 | 29,433 |
| Over-estimation of prior years | <u>(6,290)</u> | <u>(539)</u> |
| Total current income tax | 113,037 | 129,076 |

of income tax expense:

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| | <u>April 1 to June 30, 2024</u> | <u>April 1 to June 30, 2023</u> |
|---|-----------------------------------|-----------------------------------|
| Deferred income tax: | | |
| Recognition and reversal of temporary differences | 9,730 | 218 |
| Income tax expense | <u>\$ 122,767</u> | <u>\$ 129,294</u> |
| | <u>January 1 to June 30, 2024</u> | <u>January 1 to June 30, 2023</u> |
| Current income tax: | | |
| Income tax incurred in the current period | \$ 69,172 | \$ 372,972 |
| Land value increment tax recognized in income tax in the current period | 7,914 | 7,599 |
| Tax on undistributed surplus earnings | 43,508 | 29,433 |
| Over-estimation of prior years | (6,692) | (402) |
| Total current income tax | 113,902 | 409,602 |
| Deferred income tax: | | |
| Recognition and reversal of temporary differences | 578 | 415 |
| Income tax expense | <u>\$ 114,480</u> | <u>\$ 410,017</u> |

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

| | <u>April 1 to June 30, 2024</u> | <u>April 1 to June 30, 2023</u> |
|----------------------------------|-----------------------------------|-----------------------------------|
| Currency translation differences | <u>\$ (5,660)</u> | <u>\$ 1,064</u> |
| | <u>January 1 to June 30, 2024</u> | <u>January 1 to June 30, 2023</u> |
| Currency translation differences | <u>\$ (5,957)</u> | <u>\$ 427</u> |

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

(XXIV) Earnings per share

| | April 1 to June 30, 2024 | | |
|---|--------------------------|----------------------------------|------------------------------|
| | Amount after tax | Weighted average number of | Earnings per share (NT\$) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent company | \$ 284,385 | 304,302 | \$ 0.93 |
| <u>Diluted earnings per share</u> | | | |
| The impact of assumed conversion of dilutive potential common stocks on employee remuneration | — | 390 | |
| Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks | \$ 284,385 | 304,692 | \$ 0.93 |

| | April 1 to June 30, 2023 | | |
|---|--------------------------|----------------------------------|------------------------------|
| | Amount after tax | Weighted average number of | Earnings per share (NT\$) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent company | \$ 302,970 | 304,302 | \$ 1.00 |
| <u>Diluted earnings per share</u> | | | |
| The impact of assumed conversion of dilutive potential common stocks on employee remuneration | — | 526 | |
| Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks | \$ 302,970 | 304,828 | \$ 0.99 |

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| | January 1 to June 30, 2024 | | |
|---|----------------------------|----------------------------------|------------------------------|
| | Amount after tax | Weighted average number of | Earnings per share (NT\$) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent company | \$ 209,225 | 304,302 | <u>\$ 0.69</u> |
| <u>Diluted earnings per share</u> | | | |
| The impact of assumed conversion of dilutive potential common stocks on employee remuneration | — | 390 | |
| Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks | <u>\$ 209,225</u> | <u>304,692</u> | <u>\$ 0.69</u> |
| | January 1 to June 30, 2023 | | |
| | Amount after tax | Weighted average number of | Earnings per share (NT\$) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent company | \$ 1,488,196 | 304,302 | <u>\$ 4.89</u> |
| <u>Diluted earnings per share</u> | | | |
| The impact of assumed conversion of dilutive potential common stocks on employee remuneration | — | 1,039 | |
| Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks | <u>\$ 1,488,196</u> | <u>305,341</u> | <u>\$ 4.87</u> |

(XXV) Changes in liabilities from financing activities

| | 2024 | | | | | | Total liabilities from financing activities |
|--------------------------------------|----------------------|--------------------------|--------------------------|-----------------------------|-------------------|---------------------|---|
| | Short-term loans | Short-term bills payable | Long-term loans (Note 2) | Guarantee deposits received | Lease liabilities | Dividends payable | |
| January 1 | \$ 12,112,470 | \$ — | \$ 4,131,536 | \$ 27,656 | \$ 28,988 | \$ — | \$ 16,300,650 |
| Increase during the period | 9,928,477 | 600,000 | 20,097 | 4,381 | — | — | 10,552,955 |
| Decrease during the period | (6,720,000) | (300,000) | (570,641) | (25,160) | (4,894) | — | (7,620,695) |
| Payment of interest expense (Note 1) | — | (1,114) | — | — | (186) | — | (1,300) |
| Other non-cash changes | — | 542 | — | — | 187 | 2,076,095 | 2,076,824 |
| June 30 | <u>\$ 15,320,947</u> | <u>\$ 299,428</u> | <u>\$ 3,580,992</u> | <u>\$ 6,877</u> | <u>\$ 24,095</u> | <u>\$ 2,076,095</u> | <u>\$ 21,308,434</u> |

| | 2023 | | | | | | Total liabilities from financing activities |
|--------------------------------------|----------------------|--------------------------|--------------------------|-----------------------------|-------------------|-------------------|---|
| | Short-term loans | Short-term bills payable | Long-term loans (Note 3) | Guarantee deposits received | Lease liabilities | Dividends payable | |
| January 1 | \$ 8,751,890 | \$ 299,800 | \$ 5,852,212 | 30,685 | \$ 19,287 | — | \$ 14,953,874 |
| Increase during the period | 4,330,000 | 900,000 | 2,101,403 | 11,565 | — | — | 7,342,968 |
| Decrease during the period | (2,400,000) | (900,000) | (2,441,426) | (17,642) | (4,837) | (2,076,095) | (7,840,000) |
| Payment of interest expense (Note 1) | — | (1,325) | — | — | (243) | — | (1,568) |
| Other non-cash changes | — | 1,223 | — | — | 19,644 | 2,076,095 | 2,096,962 |
| June 30 | <u>\$ 10,681,890</u> | <u>\$ 299,698</u> | <u>\$ 5,512,189</u> | <u>\$ 24,608</u> | <u>\$ 33,851</u> | <u>\$ —</u> | <u>\$ 16,552,236</u> |

Note 1: Presentation of cash flows from operating activities.

Note 2: It includes \$1,586,971 long-term loans due within one year or one operating cycle, accounted for under the item “Long-term liabilities due within one year or one operating cycle”.

Note 3: It includes \$1,711,331 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”.

(XXVI) Supplemental cash flow information

Fundraising activities that do not affect cash flow:

| | January 1 to June 30, 2024 | January 1 to June 30, 2023 |
|--------------------------------|-------------------------------|-------------------------------|
| Unpaid cash dividends declared | \$ 2,076,095 | \$ — |

VII. Related-Party Transactions

(I) Name and relationship of related parties

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

(II) Significant transactions between related parties

1. Sales

For the period from January 1 to June 30, 2024 and 2023, the Board of Directors of the Group resolved to sell the projects developed and constructed by the Company to the related parties, and the total transaction amounts including tax were \$66,200 and \$0, respectively.

2. Purchase

| | April 1 to June 30, 2024 | April 1 to June 30, 2023 |
|------------|--------------------------|--------------------------|
| Associates | \$ 27,384 | \$ 14,838 |

| | January 1 to June 30, 2024 | January 1 to June 30, 2023 |
|------------|----------------------------|----------------------------|
| Associates | \$ 56,856 | \$ 26,972 |

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

(2) As of June 30, 2024, the total price of the uncompleted project contracts signed between the Group and associates was \$173,914, and the amount of unrecognized construction payments was \$13,449.

3. Prepayments

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|------------|---------------|----------------------|---------------|
| Associates | \$ — | \$ — | \$ 30,143 |

4. Accounts payable

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|------------|---------------|----------------------|---------------|
| Associates | \$ 30,196 | \$ 49,530 | \$ 14,237 |

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

| | April 1 to June 30, 2024 | April 1 to June 30, 2023 |
|------------------------------|-------------------------------|-------------------------------|
| Short-term employee benefits | \$ 13,921 | \$ 17,735 |
| | January 1 to June 30, 2024 | January 1 to June 30, 2023 |
| Short-term employee benefits | \$ 19,681 | \$ 60,915 |

VIII. Pledged Assets

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

| Assets | Carrying amounts | | | Purpose of guarantee |
|--|----------------------|----------------------|----------------------|--|
| | June 30, 2024 | December 31, 2023 | June 30, 2023 | |
| Installment accounts receivable | | | | Loans secured by accounts receivable |
| — Accounts receivable | \$ 109,948 | \$ 107,895 | \$ 95,094 | |
| — Long-term notes and accounts receivable | 1,860,949 | 2,009,036 | 2,186,499 | |
| Other installments receivable | | | | Loans secured by accounts receivable |
| — Other receivables | 8,623 | 8,105 | 8,637 | |
| — Long-term notes and accounts receivable | 133,072 | 130,500 | 145,959 | |
| Other current assets | | | | |
| — Restricted bank deposits | 1,849,679 | 1,712,332 | 1,636,277 | Pre-sale construction project trust fund |
| Inventories | 36,991,305 | 32,160,009 | 28,063,181 | Short-term loans and commercial papers payable |
| Investment property | 241,566 | 243,616 | 245,667 | Loans secured by accounts receivable |
| | <u>\$ 41,195,142</u> | <u>\$ 36,371,493</u> | <u>\$ 32,381,314</u> | |

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- (I) As of June 30, 2024, the total value of the engineering contract signed between the Group and non-related parties amounted to \$10,303,071 and the amount not yet estimated was \$6,560,163.
- (II) As of June 30, 2024, the total amount not yet estimated for land acquisition contracts signed by the Group was \$1,167,921.
- (III) As of June 30, 2024, the Group had signed letters of trust deed with the trustee financial institution for the project of construction in progress, and the relevant project names and trust banks were as follows:

| <u>Project name</u> | <u>Trust bank</u> |
|---------------------|--|
| Huaku Da'an Tower | Hua Nan Commercial Bank, Ltd. |
| Huaku Moon Light | E.SUN Commercial Bank, Ltd. |
| Huaku Sky Tower | Taipei Fubon Commercial Bank Co., Ltd. |
| Huaku Casa Blanca | Cathay United Bank Co., Ltd. |
| Upper Mansion | Cathay United Bank Co., Ltd. |

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

On August 8, 2024, the Company's Board of Directors approved the issuance of the third and fourth unsecured convertible corporate bonds. The maximum numbers of bonds to be issued were 400,000 and 200,000, respectively, with a maximum total face value of \$4,000,000 and \$2,000,000, respectively.

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

| | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|------------------------------|----------------------|
| <u>Financial assets</u> | | | |
| Financial assets measured at fair value through profit or loss | | | |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 27,070 | \$ 32,271 | \$ 69,840 |
| Financial assets/loans and receivables measured at amortized cost | | | |
| Cash and cash equivalents | 1,878,098 | 1,513,506 | 1,814,885 |
| Notes receivable | 151,811 | 55,850 | 15,761 |
| Accounts receivable (including long-term accounts receivable for more than one year) | 2,123,307 | 2,271,147 | 2,468,078 |
| Other receivables | 47,258 | 10,997 | 65,130 |
| Refundable deposits | 425,438 | 500,745 | 412,211 |
| Other financial assets | 1,849,679 | 1,712,332 | 1,636,277 |
| | <u>\$ 6,475,591</u> | <u>\$ 6,064,577</u> | <u>\$ 6,412,342</u> |
| <u>Financial liabilities</u> | | | |
| Financial liabilities measured at amortized costs | | | |
| Short-term loans | \$ 15,320,947 | \$ 12,112,470 | \$ 10,681,890 |
| Short-term bills payable | 299,428 | — | 299,698 |
| Notes payable | 5,703 | 25,917 | 14,298 |
| Accounts payable | 1,263,709 | 1,673,490 | 1,124,611 |
| Other payables | 2,367,754 | 517,127 | 375,854 |
| Long-term loans (including due within one year or one operating cycle) | 3,580,992 | 4,131,536 | 5,512,189 |
| Guarantee deposits received | 6,877 | 27,656 | 24,608 |
| | <u>\$ 22,845,410</u> | <u>\$ 18,488,196</u> | <u>\$ 18,033,148</u> |
| Lease liabilities | <u>\$ 24,095</u> | <u>\$ 28,988</u> | <u>\$ 33,851</u> |

2. Risk management policy

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

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

The Group operates internationally. The main currencies are NTD and RMB. Foreign currency risk arises from recognized assets and liabilities and net investments in foreign operations. The management of the Group has established policies to manage the foreign currency risk of functional currencies. The Group manages its overall foreign currency risk through the finance department. The Group had no foreign currency assets or liabilities as of June 30, 2024, December 31, and June 30, 2023.

Due to the significant impact of exchange rate fluctuations on the monetary items of the Group, the aggregated exchange (loss) gains (both realized and unrealized) for the period from April 1 to June 30, 2024 and 2023 as well as January 1 to June 30, 2024 and 2023, were \$46, \$(8,109), \$62, and \$(9,296), 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. From January 1 to June 30, 2024 and 2023, the Group's loans at floating interest rates 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 the interest rate on the financial costs for the period from January 1 to June 30, 2024 and 2023, would be an increase or decrease of \$192,019 and \$164,941, respectively. The two payments of \$21,126 and \$24,362 for the period from January 1 to June 30, 2024 and 2023, respectively, were due to the Group's contract of the loan secured by accounts receivable with the bank. The interest income generated by the installment sales was directly deposited by the purchaser into the bank loan account of the Group to repay the interest expenses arising from the above-mentioned factoring contract. Therefore, there was no need for the Group to undertake the risk of interest rate changes arising from this transaction. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(2) Credit risk

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

during a specific period to assess the allowance loss of installments receivable. The Group's assessed credit impairment losses as of June 30, 2024, December 31, and June 30, 2023, were not significant.

D. No written-off debts with recourse existed as of June 30, 2024, December 31, and June 30, 2023.

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

(3) Liquidity risk

A. The cash flow forecast is performed by each operating entity of the Group and compiled by the Group's finance department. The Group's finance division monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

B. The Group's non-derivative financial liabilities are analyzed based on the remaining period from the date of balance sheet to the contract expiration date; the derivative financial liabilities are analyzed based on the fair value at the date of balance sheet.

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

June 30, 2024

| Non-derivative financial liabilities: | Within 1 year | 1-3 years | Over 3 years |
|---|---------------|---------------|--------------|
| Short-term loans | \$ 2,213,015 | \$ 10,091,720 | \$ 3,885,446 |
| Short-term bills payable | 300,000 | — | — |
| Accounts payable | 24,659 | 310,660 | 928,390 |
| Other payables | 2,301,966 | 5,119 | 60,669 |
| Lease liabilities | 10,159 | 9,836 | 4,756 |
| Long-term loans (including due within one year or one operating cycle) | 1,483,696 | — | — |
| Loans secured by accounts receivable | 160,568 | 326,455 | 2,362,970 |

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December 31, 2023

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

June 30, 2023

| <u>Non-derivative financial liabilities:</u> | <u>Within 1 year</u> | <u>1-3 years</u> | <u>Over 3 years</u> |
|---|----------------------|------------------|---------------------|
| Short-term loans | \$ 1,251,466 | \$ 9,546,329 | \$ 272,274 |
| Short-term bills payable | 300,000 | — | — |
| Accounts payable | 374,335 | 380,740 | 369,536 |
| Other payables | 131,060 | 197,672 | 47,122 |
| Lease liabilities | 10,159 | 16,824 | 7,927 |
| Long-term loans (including due within one year or one operating cycle) | 1,659,138 | 1,482,875 | — |
| Loans secured by accounts receivable | 151,170 | 352,192 | 2,848,591 |

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

(III) Fair value information

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

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

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

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

2. For fair value information of investment property measured at cost, please refer to Note 6 (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 bills payable, notes payable, accounts payable, other payables, long-term loans, guarantee deposit received, are reasonable approximations of fair values.
4. The Group categorizes financial and non-financial instruments measured at fair value on the basis of the nature, characteristics, and risks of the assets and liabilities. The related information is as follows:

(1) Classified by nature of assets:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|----------------|----------------|----------------|--------------|
| <u>June 30, 2024</u> | | | | |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets | | | | |
| measured at fair | | | | |
| value through | | | | |
| profit or loss | | | | |
| | \$ — | \$ — | \$ 27,070 | \$ 27,070 |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <u>December 31, 2023</u> | | | | |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets | | | | |
| measured at fair | | | | |
| value through | | | | |
| profit or loss | | | | |
| | \$ — | \$ — | \$ 32,271 | \$ 32,271 |

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| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|------------------|------------------|
| <u>June 30, 2023</u> | | | | |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets measured at fair value through profit or loss | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 69,840</u> | <u>\$ 69,840</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.

- For the period from January 1 to June 30, 2024 and 2023, there were no transfers between Level 1 and Level 2 for the Group.
- The changes in Level 3 for the period from January 1 to June 30, 2024 and 2023, were as follows:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|------------------|------------------|
| January 1 | \$ 32,271 | \$ 143,172 |
| Current acquisition | 14,557 | 772,901 |
| Disposal in the current period | (20,474) | (842,141) |
| Currency translation differences | 716 | (4,092) |
| June 30 | <u>\$ 27,070</u> | <u>\$ 69,840</u> |

- 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

- Financing provided to others: None.
- Endorsements/guarantees provided to others: None.
- Marketable securities held at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to Table 1.
- Accumulated to buy or sell the same marketable securities amount to NT\$300 million or more than 20% of the paid-in capital: None.

5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 2.
6. Disposal of real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 3.
7. Purchases from and sales to related parties amounted to at least NT\$100 million or exceeding 20% of paid-in capital: Please refer to Table 4.
8. Receivables from related parties amounted to at least NT\$100 million or exceeding 20% of paid-in capital: Please refer to Table 5.
9. Information on the derivative financial instrument transactions: None.
10. Parent-subsidiary and subsidiary-subsidiary business relations and significant transactions and amounts thereof: Please refer to Table 6.

(II) Related Information on Investees

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

(III) Information on Investments in Mainland China

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

(IV) Information on Major Shareholders

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

XIV. Information on Operating Segments

(I) General information

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

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

(II) Segment information on profit or loss and assets

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

| | January 1 to June 30, 2024 | | | |
|--------------------------|----------------------------|--------------------|----------------------------|----------------------|
| | Taiwan | China | Adjustment and elimination | Total |
| Net external revenue | \$ 1,741,461 | \$ 1,607 | \$ — | \$ 1,743,068 |
| Internal segment revenue | 1,432,866 | — | (1,432,866) | — |
| Segment revenue | <u>\$ 3,174,327</u> | <u>\$ 1,607</u> | <u>\$ (1,432,866)</u> | <u>\$ 1,743,068</u> |
| Segment income or loss | <u>\$ 246,448</u> | <u>\$ (2,766)</u> | <u>\$ (35,010)</u> | <u>\$ 208,672</u> |
| Segment assets | <u>\$ 47,971,682</u> | <u>\$ 86,251</u> | <u>\$ —</u> | <u>\$ 48,057,933</u> |
| | January 1 to June 30, 2023 | | | |
| | Taiwan | China | Adjustment and elimination | Total |
| Net external revenue | \$ 6,207,303 | \$ 111,869 | \$ — | \$ 6,319,172 |
| Internal segment revenue | 1,051,189 | — | (1,051,189) | — |
| Segment revenue | <u>\$ 7,258,492</u> | <u>\$ 111,869</u> | <u>\$ (1,051,189)</u> | <u>\$ 6,319,172</u> |
| Segment income or loss | <u>\$ 1,507,953</u> | <u>\$ (34,185)</u> | <u>\$ 7,591</u> | <u>\$ 1,481,359</u> |
| Segment assets | <u>\$ 41,321,904</u> | <u>\$ 265,108</u> | <u>\$ —</u> | <u>\$ 41,587,012</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)
 June 30, 2024

Table 1

Unit: NT\$ thousands
 (Unless specified otherwise)

| Holder company | Type and name of marketable securities | Relationship with the security issuer (Note 1) | Financial statement account | End of the period | | | | Note |
|---|--|--|--|-------------------|---------------------------|-------------------------|------------|--------|
| | | | | Shares | Carrying amounts (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 and loss—current | 191,789 | \$ 1,388 | 0.06 | \$ 26,179 | Note 3 |
| | | | Adjustment of valuation | | 24,791 | | | |
| | | | | | \$ 26,179 | | | |
| Chengdu Wancheng Duobao Real Estate Co., Ltd. | Financial products | None | Financial asset measured at fair value through profit and loss—current | | \$ 27,070 | | \$ 27,070 | |

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

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

Note 3: Listed as treasury stock.

Huaku Development Co., Ltd.
Acquisition of Real Estate Reaching NT\$300 Million or 20% of Paid-in Capital or More
January 1 to June 30, 2024

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 (Jang Dah Beitou Project) | 2022.12.26 | \$ 2,820,000 | \$ 2,820,000 (Note) | Jang Dah Fiber Industrial Co., Ltd. | None | N/A | N/A | N/A | N/A | Cushman & Wakefield Real Estate Appraisers Firm's appraisal amount for the project is \$2,830,579. LinkU Real Estate Appraisers Firm's appraisal amount for the project is \$2,845,734. | Construction land | N/A |
| Huaku Development Co., Ltd. | Inventories - land (Huaku Flourish Mansion) | 2024.06.12 | 301,076 | 301,076 | Taichung City Government | None | N/A | N/A | N/A | N/A | N/A | Construction land | N/A |
| Huaku Development Co., Ltd. | Inventories - land (Wenlin North Road Project III) | 2024.04.19 | 1,800,000 | 1,800,000 | Mr. A and B at Chiachao Investment Co., Ltd. | None | N/A | N/A | N/A | N/A | Cushman & Wakefield Real Estate Appraisers Firm's appraisal amount for the project is \$1,809,331. Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is \$1,804,062. | Construction land | N/A |
| Huaku Development Co., Ltd. | Inventories - land (Taichung Chongde 10th Road Project) | 2024.04.26 | 1,060,964 | 318,289 | 21 individuals; Shangching Land Development Co., Ltd. and Mr. C | None | N/A | N/A | N/A | N/A | Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$1,116,660. Euro-Asia Real Estate Appraisers Firm's appraisal amount for the project is \$1,062,188. | Construction land | N/A |

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

Huaku Development Co., Ltd.
Disposal of Real Estate Properties at Prices of at Least NT\$300 Million or 20% of the Paid-in Capital
January 1 to June 30, 2024

Table 3

Unit: NT\$ thousands

(Unless specified otherwise)

| Company that disposed real estate | Name of property | Transaction date / Date of occurrence of the event | Original acquisition date | Carrying amount | Transaction amount | Price collection status (collected per contracts) | Gain (Loss) on disposal | Counterparty | Relationship | Purpose of disposal | Reference for price determination | Other agreement terms |
|-----------------------------------|---|--|--------------------------------------|-----------------|--------------------|---|-------------------------|------------------------------------|--------------|---------------------|---|------------------------------|
| Huaku Development Co., Ltd. | Inventory - premises for sale | 2023.08.09 | Not applicable due to inventory sold | N/A | \$ 635,000 | \$ 190,500 (Note 1) | N/A | CASwell, Inc. | None | For gaining profits | Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$665,223. | Please refer to Note 6 (4) 5 |
| Huaku Development Co., Ltd. | Inventory - premises under construction | 2023.09.28~2024.03.25 | Not applicable due to inventory sold | N/A | 575,700 | 115,170 (Note 2) | N/A | EverBridge International Co., Ltd. | None | For gaining profits | Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$582,211. | N/A |
| Huaku Development Co., Ltd. | Inventory - premises under construction | 2023.11.17 | Not applicable due to inventory sold | N/A | 485,000 | 480,150 (Note 3) | N/A | Mr. A | None | For gaining profits | Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$870,680. | N/A |
| Huaku Development Co., Ltd. | Inventory - premises under construction | 2023.12.05~2024.06.26 | Not applicable due to inventory sold | N/A | 848,000 | 169,630 (Note 4) | N/A | SINTRONES Technology Corp. | None | For gaining profits | Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$4,322,012. | Please refer to Note 6 (4) 5 |
| Huaku Development Co., Ltd. | Inventory - premises under construction | 2023.12.28~2024.01.31 | Not applicable due to inventory sold | N/A | 514,000 | 77,120 (Note 5) | N/A | Dailywell Electronics Co., Ltd. | None | For gaining profits | Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$519,523. | N/A |
| Huaku Development Co., Ltd. | Inventory - premises under construction | 2024.01.19 | Not applicable due to inventory sold | N/A | 504,380 | 75,670 | N/A | Goldkey Technology Corporation | None | For gaining profits | Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$509,792. | N/A |
| Huaku Development Co., Ltd. | Inventory - premises under construction | 2024.04.01~2024.05.31 | Not applicable due to inventory sold | N/A | 320,660 | 57,410 | N/A | Mr. B | None | For gaining profits | Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$322,582. | Please refer to Note 6 (4) 5 |

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

Note 2: The Group has received \$54,200 during the year 2023 and \$60,970 during the current period.

Note 3: The Group has received \$67,400 during the year 2023 and \$412,750 during the current period.

Note 4: The Group has received \$69,190 during the year 2023 and \$100,440 during the current period.

Note 5: The Group has received \$56,090 during the year 2023 and \$21,030 during the current period.

Huaku Development Co., Ltd.
Purchases from and Sales to Related Parties Amounted to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital
January 1 to June 30, 2024

Table 4

Unit: NT\$ thousands
(Unless specified otherwise)

| Supplier (Buyer) | Counterparty | Relationship | Transaction details | | | | Reasons for and status of differences in transaction terms compared to arms-length transaction | | Notes and accounts receivable (payable) | | |
|----------------------------------|----------------------------------|----------------|---------------------|--------------|---|-----------------|--|---|---|--|------|
| | | | Purchase (Sale) | Amount | Ratio to the total purchase (sale) amount | Payment term | Unit price | Payment term | Balance | Ratio to the total notes/accounts receivable (payable) | Note |
| Huaku Development Co., Ltd. | Pin Shing Construction Co., Ltd. | Subsidiary | Purchase | \$ 1,744,003 | 35 | Within 120 days | Contract-based pricing | One month or 45 days for general suppliers | \$ (1,265,770) | 74 | |
| Pin Shing Construction Co., Ltd. | Huaku Development Co., Ltd. | Parent company | Sales | (1,744,003) | 100 | Within 120 days | Contract-based pricing | Monthly settlement within 30 days for general customers | 1,265,770 | 100 | |

Huaku Development Co., Ltd.
 Receivables from Related Parties Amounted to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital
 January 1 to June 30, 2024

Table 5

Unit: NT\$ thousands
 (Unless specified otherwise)

| Company name | Counterparty | Relationship | Balance of accounts receivable from the related party | Turnover rate | Overdue | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|-------------------------------------|--------------------------------|----------------|---|------------------|---------|--------------|--|------------------------------------|
| | | | | | Amount | Action taken | | |
| Pin Shing Construction Co., Ltd. | Huaku Development Co., Ltd. | Parent company | \$ 1,265,770 | Note | \$ — | — | \$ 682,968 | \$ — |

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

Huaku Development Co., Ltd.
Parent-Subsidiary and Subsidiary-Subsidiary Business Relations and Significant Transactions and Amounts Thereof
January 1 to June 30, 2024

Table 6

Unit: NT\$ thousands
(Unless specified otherwise)

| Number (Note) | Company name | Counterparty | Relationship with the counterparty | Transaction details | | | Ratio to the consolidated revenue or total assets |
|------------------|-------------------------------------|----------------------------------|---------------------------------------|---------------------|--------------|---|--|
| | | | | Account | Amount | Terms | |
| 0 | Huaku Development Co., Ltd. | Pin Shing Construction Co., Ltd. | Parent company to subsidiary | Purchase | \$ 1,744,003 | Contract-based pricing within 120 days | 100 |
| 0 | Huaku Development Co., Ltd. | Pin Shing Construction Co., Ltd. | Parent company to subsidiary | Accounts payable | 1,265,770 | Contract-based pricing within 120 days | 3 |
| 1 | Pin Shing Construction Co., Ltd. | Huaku Development Co., Ltd. | Subsidiary to parent company | Sales | 1,744,003 | Contract-based pricing within 120 days | 100 |
| 1 | Pin Shing Construction Co., Ltd. | Huaku Development Co., Ltd. | Subsidiary to parent company | Accounts receivable | 1,265,770 | Contract-based pricing within 120 days | 3 |

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

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

Huaku Development Co., Ltd.
Name, Location, and Information on Investee Companies (Not Including Investee Companies in Mainland China)
January 1 to June 30, 2024

Table 7

Unit: NT\$ thousands
(Unless specified otherwise)

| Investor company | Name of investee | Place of registration | Main businesses | Initial investment amount | | Shares held as at the end of the period | | | Current profit or loss of the investee company | Investment gain (loss) recognized in the current period | Note |
|----------------------------------|--|-----------------------|--|---------------------------|----------------------------|---|-------|-----------------|--|---|---|
| | | | | End of the current period | End of the previous period | Shares | Ratio | Carrying amount | | | |
| Huaku Development Co., Ltd. | Pin Shing Construction Co., Ltd. | Taiwan | Contracting civil engineering and hydraulic engineering projects | \$ 264,184 | \$ 264,184 | 35,000,000 | 100 | \$ 431,557 | \$ 37,223 | \$ (17,828) | Subsidiary |
| Huaku Development Co., Ltd. | Taiwan Digit Automated Control Co., Ltd. | Taiwan | Engineering monitoring | 8,000 | 8,000 | 800,000 | 40 | 29,239 | 9,487 | 3,621 | 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 | 5,159 | 45 | 20 | An investee accounted for using the equity method |
| Pin Shing Construction Co., Ltd. | Full Come Foundation Engineering Co., Ltd. | Taiwan | Professional construction industry of foundation engineering | 25,925 | 16,000 | 2,245,069 | 38.05 | 28,262 | 4,259 | 1,896 | An investee company of subsidiary accounted for using equity method |

Huaku Development Co., Ltd.
Information on Investments in Mainland China - Basic Information
January 1 to June 30, 2024

Table 8

Unit: NT\$ thousands
(Unless specified otherwise)

| Investee in mainland China | Main businesses | Paid-up capital | Investment method | Accumulated investment amount of remittance from Taiwan—beginning of the current period | Exported or recovered investment amount of the current period | | Accumulated investment amount of remittance from Taiwan—end of the current period | Current profit or loss of the investee company | Shareholding percentage from direct or indirect investment | Investment profit or loss recognized in the current period (Note 2) | Book value of investment at the end of the current period | Accumulated repatriation of investment income as of the end of the period | Note |
|---|---|---|---|---|---|-----------|---|--|--|---|---|---|--------|
| | | | | | Remitted | Recovered | | | | | | | |
| Chengdu Huaku Real Estate Co., Ltd. | Property development | \$ 22,225 | Note 1 | \$ 46,638 | \$ — | \$ — | \$ 46,638 | \$ (3,127) | 0 | \$ (2,501) | \$ — | \$ 73,410 | Note 3 |
| Chengdu Wancheng Duobao Real Estate Co., Ltd. | Property development | 2,223 | Note 1 | — | — | — | — | 361 | 80 | 288 | 43,136 | 346,784 | Note 4 |
| Company name | Accumulated remitted investment amount from Taiwan to mainland China—end of the current period | Investment amounts authorized by Investment Commission, MOEA | Ceiling on investment in mainland China imposed by the Investment Commission, MOEA | | | | | | | | | | |
| Huaku Development Co., Ltd. | \$ 46,638 | \$ 1,528,130 | \$ 11,367,395 | | | | | | | | | | |

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

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

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

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

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

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

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

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

Note 4: On August 29, 2014, the company was approved by the Chengdu Investment Promotion Committee to reduce its capital by RMB 115 million. In October 2017, all the company's holdings of RMB 92 million had been fully remitted back.

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

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

Huaku Development Co., Ltd.
Information on Major Shareholders
June 30, 2024

Table 9

| Shareholder's name | Shares (Note) | |
|--|------------------|-------------------------|
| | Number of shares | Shareholding percentage |
| Zhongshan Investment Co., Ltd. | 19,620,000 | 7.08 % |
| Newland Investment Co., Ltd. | 14,690,982 | 5.30 % |
| Capital Tip Customized Taiwan Select High Dividend ETF | 14,358,000 | 5.18 % |

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