

**2530**

**Delpha Construction Co., Ltd. and Subsidiaries**  
**Consolidated Financial Statements**  
**For the Nine Months Ended September 30, 2024 and 2023**  
**With Independent Auditors' Review Report**

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*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

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## Independent Auditors' Review Report

To Delpha Construction Co., Ltd.

### Introduction

We have reviewed the accompanying consolidated balance sheets of Delpha Construction Co., Ltd. (the "Company") and its subsidiaries (the "Group") as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the International Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of certain insignificant subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$1,336,857 thousand and NT\$1,387,490 thousand, constituting 5% and 6% of the consolidated total assets, and total liabilities of NT\$798,643 thousand and NT\$1,260,435 thousand, constituting 5% and 10% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively; and total comprehensive income of NT\$(3,651) thousand, NT\$(9,090) thousand, NT\$(10,822) thousand and NT\$(25,329) thousand, constituting (1)%, 41%, (1)% and 49% of the consolidated total comprehensive income for the three months and the nine months ended September 30, 2024 and 2023, respectively. The information related to above subsidiaries, accounted for under the equity method disclosed in Note 13 was also not reviewed by independent auditors.

## Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries been reviewed by independent auditors described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of September 30, 2024 and 2023, and their consolidated financial performance and cash flows for the three months and the nine months ended September 30, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by the Financial Supervisory Commission of the Republic of China.

Lin, Su-Wen

Huang, Chien-Che

Ernst & Young, Taiwan

November 12, 2024

### Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Delpha Construction Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
As of September 30, 2024, December 31, 2023, and September 30, 2023  
(Reviewed Only, Not Audited in Accordance with Standards on Auditing)

		(In Thousands of New Taiwan Dollars)						
Code	Assets	Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$1,173,713	4	\$1,114,378	5	\$814,480	4
1150	Notes receivable, net	6(3)	6,746	-	10,390	-	18,415	-
1170	Accounts receivable, net	6(4)	15,038	-	385,649	1	800	-
1200	Other receivables	6(5)	14,178	-	3	-	68	-
1220	Current tax assets		4,661	-	421	-	1,027	-
130X	Inventories	6(6)	24,406,201	87	20,599,926	87	19,633,896	86
1410	Prepayments		305,396	1	329,753	1	310,743	1
1476	Other current financial assets	6(7)	1,278,346	5	666,511	3	1,425,673	6
1479	Other current assets-others		13,742	-	6,194	-	1,642	-
1480	Current assets recognized as incremental costs to obtain contract with customers	6(16)	556,228	2	460,791	2	387,245	2
11xx	Total current assets		<u>27,774,249</u>	<u>99</u>	<u>23,574,016</u>	<u>99</u>	<u>22,593,989</u>	<u>99</u>
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	2,110	-	3,003	-	2,740	-
1600	Property, plant and equipment	6(8)	117,695	1	115,642	1	116,227	1
1755	Right-of-use assets	6(18)	5,353	-	717	-	1,298	-
1780	Intangible assets	6(9)	11,410	-	11,410	-	11,410	-
1840	Deferred tax assets		1,367	-	1,458	-	53,811	-
1915	Prepayments for equipment		1,766	-	470	-	-	-
1920	Guarantee deposits paid		7,911	-	8,526	-	14,363	-
1975	Net defined benefit asset-non-current		7,200	-	7,135	-	6,902	-
1990	Other non-current assets-others		5,552	-	5,552	-	5,552	-
15xx	Total non-current assets		<u>160,364</u>	<u>1</u>	<u>153,913</u>	<u>1</u>	<u>212,303</u>	<u>1</u>
1xxx	Total assets		<u>\$27,934,613</u>	<u>100</u>	<u>\$23,727,929</u>	<u>100</u>	<u>\$22,806,292</u>	<u>100</u>

(Please refer to the accompanying notes to the consolidated financial statements)

Delpha Construction Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets (Continued)  
As of September 30, 2024, December 31, 2023, and September 30, 2023  
(Reviewed Only, Not Audited in Accordance with Standards on Auditing)

Code	Liabilities and Equity	Notes	(In Thousands of New Taiwan Dollars)					
			September 30, 2024		December 31, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term borrowings	6(10),8	\$5,042,483	18	\$4,115,776	18	\$4,504,950	20
2110	Short-term notes and bills payable	6(11)	199,850	1	99,939	-	99,894	-
2130	Current contract liabilities	6(16)	3,117,836	11	2,143,844	9	2,014,962	9
2150	Notes payable	7(2)(d)	295,947	1	378,889	2	389,891	2
2170	Accounts payable		314,553	1	247,927	1	97,763	-
2200	Other payables		195,055	1	187,628	1	69,528	-
2230	Current tax liabilities		284,224	1	95,652	-	2,826	-
2250	Current provisions	6(14)	-	-	1,260	-	-	-
2280	Current lease liabilities	6(18)	5,369	-	738	-	1,333	-
2310	Advance receipts		5,588	-	3,868	-	5,327	-
2320	Long-term borrowings, current portion	6(12),8	4,469,550	16	3,992,055	17	3,992,055	18
2399	Other current liabilities-others		61,038	-	52,631	-	42,164	-
21xx	Total current liabilities		13,991,493	50	11,320,207	48	11,220,693	49
	Non-current liabilities							
2540	Long-term borrowings	6(12),8	3,120,980	11	1,727,880	7	1,462,130	7
2645	Guarantee deposits received		1,700	-	1,700	-	1,700	-
25xx	Total non-current liabilities		3,122,680	11	1,729,580	7	1,463,830	7
2xxx	Total liabilities		17,114,173	61	13,049,787	55	12,684,523	56
31xx	Equity attributable to owners of parent							
3100	Common shares	6(15)						
3110	Ordinary shares		8,399,880	30	8,399,880	36	8,399,880	37
3200	Capital surplus	6(15)	1,257,618	5	1,257,440	5	1,257,440	5
3300	Retained earnings	6(15)						
3310	Legal reserve		397,837	1	275,584	1	275,584	1
3350	Unappropriated retained earnings		536,530	2	511,255	2	(47,526)	-
	Total retained earnings		934,367	3	786,839	3	228,058	1
3400	Other equity interest		220	-	1,113	-	850	-
31xx	Total equity attributable to owners of parent		10,592,085	38	10,445,272	44	9,886,228	43
36xx	Non-controlling interests	6(15)	228,355	1	232,870	1	235,541	1
3xxx	Total equity		10,820,440	39	10,678,142	45	10,121,769	44
	Total liabilities and equity		\$27,934,613	100	\$23,727,929	100	\$22,806,292	100

(Please refer to the accompanying notes to the consolidated financial statements)

Delpha Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Three Months and Nine Months Ended September 30, 2024 and 2023  
(Reviewed Only, Not Audited in Accordance with Standards on Auditing)

			(In Thousands of New Taiwan Dollars)							
			For the three months ended				For the nine months ended			
Code	Item	Notes	September 30, 2024		September 30, 2023		September 30, 2024		September 30, 2023	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6(16)	\$2,000,407	100	\$2,177	100	\$4,558,127	100	\$9,362	100
5000	Operating costs	6(6),7(2)(a)	(1,192,508)	(60)	-	-	(2,651,663)	(58)	(4,154)	(44)
5900	Gross profit from operating		807,899	40	2,177	100	1,906,464	42	5,208	56
6000	Operating expenses	6(19),7(2)(c)								
6100	Selling expenses		(108,823)	(5)	(416)	(19)	(235,177)	(5)	(3,960)	(42)
6200	Administrative expenses		(34,941)	(2)	(21,919)	(1,007)	(87,709)	(2)	(57,091)	(610)
	Total operating expenses		(143,764)	(7)	(22,335)	(1,026)	(322,886)	(7)	(61,051)	(652)
6900	Net operating income (loss)		664,135	33	(20,158)	(926)	1,583,578	35	(55,843)	(596)
7000	Non-operating income and expenses									
7010	Other income	6(20)	568	-	2,470	113	4,654	-	17,320	185
7100	Interest income	6(20)	99	-	510	23	6,126	-	6,487	69
7020	Other gains and losses	6(20)	(23)	-	(699)	(32)	(28)	-	(6,387)	(68)
7050	Financial costs	6(20)	(6,899)	(1)	(4,982)	(228)	(19,795)	-	(13,911)	(149)
	Total non-operating income and expenses		(6,255)	(1)	(2,701)	(124)	(9,043)	-	3,509	37
7900	Net profit (Loss) before tax		657,880	32	(22,859)	(1,050)	1,574,535	35	(52,334)	(559)
7950	Income tax (expense) income	4(4),6(22)	(131,169)	(6)	695	32	(339,538)	(8)	39	1
8200	Net profit (loss)		526,711	26	(22,164)	(1,018)	1,234,997	27	(52,295)	(558)
8300	Other comprehensive income	6(21)								
8310	Components of other comprehensive income that will not be reclassified to profit or loss:									
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(240)	-	169	8	(893)	-	210	2
	Total other comprehensive income (net of tax)		(240)	-	169	8	(893)	-	210	2
8500	Total comprehensive income		\$526,471	26	\$ (21,995)	(1,010)	\$1,234,104	27	\$ (52,085)	(556)
8600	Profit (loss), attributable to:									
8610	Owners of parent		\$528,234	26	\$ (20,497)	(941)	\$1,239,512	27	\$ (47,526)	(508)
8620	Non-controlling interests		(1,523)	-	(1,667)	(77)	(4,515)	-	(4,769)	(51)
	Total		\$526,711	26	\$ (22,164)	(1,018)	\$1,234,997	27	\$ (52,295)	(559)
8700	Comprehensive income attributable to:									
8710	Owners of parent		\$527,994	26	\$ (20,328)	(933)	\$1,238,619	27	\$ (47,316)	(505)
8720	Non-controlling interests		(1,523)	-	(1,667)	(77)	(4,515)	-	(4,769)	(51)
	Total		\$526,471	26	\$ (21,995)	(1,010)	\$1,234,104	27	\$ (52,085)	(556)
	Earnings (loss) per share (NT\$)	6(23)								
9750	Basic earnings (loss) per share		\$0.63		\$ (0.03)		\$1.48		\$ (0.06)	
9850	Diluted earnings (loss) per share		\$0.63		\$ (0.03)		\$1.48		\$ (0.06)	

(Please refer to the accompanying notes to the consolidated financial statements)

Delpha Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Nine Months Ended September 30, 2024 and 2023  
(Reviewed Only, Not Audited in Accordance with Standards on Auditing)

(In Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of parent							
	Retained earnings				Other equity		Total equity attributable to owners of parent	Non-controlling interests
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Unrealized gain (loss) on financial assets at fair value through other comprehensive income			
Balance on January 1, 2023	\$8,399,880	\$1,257,084	\$237,247	\$383,372	\$640		\$10,278,223	\$240,310
Legal reserve appropriated	-	-	38,337	(38,337)	-		-	-
Cash dividends of ordinary share	-	-	-	(345,035)	-		(345,035)	-
Capital surplus transferred from unclaimed dividends	-	356	-	-	-		356	-
Net loss	-	-	-	(47,526)	-		(47,526)	(4,769)
Other comprehensive income	-	-	-	-	210		210	-
Total comprehensive income	-	-	-	(47,526)	210		(47,316)	(4,769)
Balance on September 30, 2023	<u>\$8,399,880</u>	<u>\$1,257,440</u>	<u>\$275,584</u>	<u>\$(47,526)</u>	<u>\$850</u>		<u>\$9,886,228</u>	<u>\$235,541</u>
Balance on January 1, 2024	\$8,399,880	\$1,257,440	\$275,584	\$511,255	\$1,113		\$10,445,272	\$232,870
Legal reserve appropriated	-	-	122,253	(122,253)	-		-	-
Cash dividends of ordinary share	-	-	-	(1,091,984)	-		(1,091,984)	-
Capital surplus transferred from unclaimed dividends	-	178	-	-	-		178	-
Net profit	-	-	-	1,239,512	-		1,239,512	(4,515)
Other comprehensive income	-	-	-	-	(893)		(893)	-
Total comprehensive income	-	-	-	1,239,512	(893)		1,238,619	(4,515)
Balance on September 30, 2024	<u>\$8,399,880</u>	<u>\$1,257,618</u>	<u>\$397,837</u>	<u>\$536,530</u>	<u>\$220</u>		<u>\$10,592,085</u>	<u>\$228,355</u>

(Please refer to the accompanying notes to the consolidated financial statements)



Delpha Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Nine Months Ended September 30, 2024 and 2023  
(Reviewed Only, Not Audited in Accordance with Standards on Auditing)

Item	(In Thousands of New Taiwan Dollars)	
	For the nine months ended	
	September 30, 2024	September 30, 2023
Cash flows from operating activities:		
Profit (loss) before tax	\$1,574,535	\$(52,334)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,987	4,538
Amortization expense	1,073	222
Interest income	(6,126)	(6,487)
Dividend income	(1,553)	(1,393)
Interest expense	19,795	13,911
Loss (gain) on disposal and write-off of property, plant, and equipment	8	-
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	3,644	(9,134)
Decrease (increase) in accounts receivable	370,611	(494)
Decrease (increase) in other receivable	(14,175)	(68)
Decrease (increase) in inventories	(3,607,638)	(2,715,145)
Decrease (increase) in prepayments	23,284	(79,484)
Decrease (increase) in other financial assets	(611,835)	(641,226)
Decrease (increase) in other current assets	(7,548)	(313)
Decrease (increase) in net defined benefit assets	(65)	(67)
Decrease (increase) in assets recognized as incremental costs to obtain contract with customers	(95,437)	(217,478)
Increase (decrease) in contract liabilities	973,992	1,065,997
Increase (decrease) in notes payable	(82,942)	252,066
Increase (decrease) in accounts payable	66,626	(1,156)
Increase (decrease) in other payable	5,696	(17,964)
Increase (decrease) in provisions	(1,260)	(1,242)
Increase (decrease) in receipts in advance	1,720	515
Increase (decrease) in other current liabilities	8,407	37,195
Other adjustments to reconcile profit (loss)	-	(5)
Cash inflow (outflow) generated from operations	(1,375,201)	(2,369,546)
Interest received	6,126	6,487
Dividends received	1,553	1,393
Interest paid	(216,651)	(170,302)
Income taxes refund (paid)	(155,115)	(8,455)
Net cash flows from (used in) operating activities	(1,739,288)	(2,540,423)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(4,487)	(705)
Decrease (increase) in guarantee deposits paid	615	14,270
Decrease (increase) in prepayments for equipment	(1,296)	-
Net cash flows from (used in) investing activities	(5,168)	13,565
Cash flows from financing activities:		
Increase in short-term borrowings	926,707	895,950
Increase in short-term notes and bills payable	99,911	49,934
Proceeds from long-term borrowings	1,889,345	627,000
Repayments of long-term borrowings	(18,750)	(18,750)
Decrease in guarantee deposits received	-	(1,892)
Payment of lease liabilities	(1,616)	(1,797)
Cash dividends paid	(1,091,984)	(345,035)
Other financing activities	178	356
Net cash flows from (used in) financing activities	1,803,791	1,205,766
Net increase (decrease) in cash and cash equivalents	59,335	(1,321,092)
Cash and cash equivalents at the beginning of period	1,114,378	2,135,572
Cash and cash equivalents at the end of period	\$1,173,713	\$814,480

(Please refer to the accompanying notes to the consolidated financial statements)

Delpha Construction Co., Ltd. and Subsidiaries  
Notes to the Consolidated Financial Statements  
For the Nine Months Ended September 30, 2024 and 2023  
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. History and organization

Delpha Construction Co., Ltd. (the “Company”) was incorporated in December 1960 with the approval of the Ministry of Economic Affairs. The Company and its subsidiaries (collectively, the “Group”) primarily engaged in building commercial buildings by commissioning construction building companies, selling and leasing of public housing, development of specific professional areas, interior decoration, property rent/sale real estate agency, and the operation of and investment in related businesses. The Company's stocks were listed on the TWSE in 1995. And the address is registered at 16F, No. 460, Sec. 5, Chenggong Rd., Neihu Dist., Taipei City.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the nine months ended September 30, 2024 and 2023 were authorized for issue by the Board of Directors on November 12, 2024.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments.

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, determining the exchange rate to use and the disclosures to provide.

The above amendments are applicable for annual periods beginning on or after January 1, 2025. The amended standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and amendments to IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
d	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

- (a) IFRS 10 “Consolidated Financial Statements” and amendments to IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(1) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and require all entities to provide newly defined subtotals, (including operating profit or loss). The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful summary of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(d) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

Simplify the disclosure requirements for subsidiaries without public accountability and allow subsidiaries that meet the definition to choose whether to apply this standard.

(e) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (3) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(f) Annual Improvements to IFRS Accounting Standards – Volume 11

(1) Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

(2) Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

(3) Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

(4) Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

(5) Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74.

(6) Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (c), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

#### 4. Summary of significant accounting policies information

##### (1) Statement of compliance

The consolidated financial statements of the Group for the nine months ended September 30, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 “Interim Financial Reporting” as endorsed and became effective by the FSC.

##### (2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

##### (3) Basis of consolidation

###### Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- (b) Exposure, or rights, to variable returns from its involvement with the investee, and;
- (c) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee.
- (b) Rights arising from other contractual arrangements.
- (c) The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, if without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- (a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) Derecognizes the carrying amount of any non-controlling interest;
- (c) Recognizes the fair value of the consideration received;
- (d) Recognizes the fair value of any investment retained;
- (e) Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or are directly transferred to retained earnings in accordance with IFRS;
- (f) Recognizes any surplus or deficit to profit or loss.

The consolidated entities are listed as follows:

Name of investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			September 30, 2024	December 31, 2023	September 30, 2023
The Company	Huachien Development Co., Ltd. ("Huachien")	Development, sales, and rental business	58.36%	58.36%	58.36%
The Company	Huajian Construction Co., Ltd. ("Huajian")	Construction business	100%	100%	100%

The financial statements of some of the consolidated subsidiaries listed above had not been reviewed by auditors. As of September 30, 2024 and 2023, the related assets of the subsidiaries which were unreviewed by auditors amount to \$1,336,857 thousand and \$1,387,490 thousand, respectively, and the related liabilities amount to \$798,643 thousand and \$1,260,435 thousand, respectively. The comprehensive income of these subsidiaries amounts to \$(3,651) thousand, \$(9,090) thousand, \$(10,822) thousand and \$(25,329) thousand for the three months and the nine months ended September 30, 2024 and 2023, respectively.



- (4) Except for the following accounting policies, the accounting policies adopted in the consolidated financial statements of the Group for the nine months ended September 30, 2024 and 2023, are the same as those adopted in the consolidated financial statements for the year ended December 31, 2023. For a summary of other accounting policies, please refer to the Group's consolidated financial statements for the year ended December 31, 2023:

(1) Post-employment benefit plans

The pension cost for the interim period is calculated based on the pension cost rate determined by actuarial valuation as of the end of the previous year, applied from the beginning of the year to the end of the current period. This is adjusted and disclosed for any significant market fluctuations, curtailments, settlements, or other one-time events occurring after the valuation date.

(2) Income taxes

The income tax expense for the interim period is accrued and disclosed using the tax rate applicable to the expected total earnings for the year. This involves applying the estimated annual average effective tax rate to the pre-tax income for the interim period. The estimation of the annual average effective tax rate includes only the current income tax expense, while deferred income tax is recognized and measured in accordance with IAS 12 "Income Taxes," consistent with annual financial reporting. If there is a change in tax rates during the interim period, the effect of the rate change on deferred income tax is recognized immediately in profit or loss, other comprehensive income, or directly in equity.

5. Significant accounting judgements, estimates and assumptions

The significant accounting judgments, estimates, and sources of uncertainty adopted in the Group's consolidated financial statements for the nine months ended September 30, 2024, and 2023, are the same as those in the consolidated financial statements for the year ended December 31, 2023. Please refer to the Group's consolidated financial statements for the year ended December 31, 2023.

6. Description of Significant Account Titles

(1) Cash and cash equivalents

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and working capital	\$1,540	\$540	\$510
Check deposits and demand deposits	1,172,173	1,113,838	813,970
Total	<u>\$1,173,713</u>	<u>\$1,114,378</u>	<u>\$814,480</u>

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

Item	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Equity instrument investments measured at fair value through other comprehensive income – Non- current			
Unlisted stocks	\$2,110	\$3,003	\$2,740
Current	\$-	\$-	\$-
Non-current	2,110	3,003	2,740
Total	\$2,110	\$3,003	\$2,740

Financial assets at fair value through other comprehensive income were not pledged.

(3) Notes receivable

Item	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable arising from operating activities	\$6,746	\$10,390	\$18,415
Notes receivable arising from non- operating activities	-	-	-
Subtotal (total carrying amount)	6,746	10,390	18,415
Less: loss allowance	-	-	-
Total	\$6,746	\$10,390	\$18,415

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.(17) for more details on loss allowance and Note 12 for details on credit risk management.

(4) Accounts receivable and accounts receivable-related parties

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$15,038	\$385,649	\$800
Less: loss allowance	-	-	-
Subtotal	15,038	385,649	800
Accounts receivable from related parties	-	-	-
Less: loss allowance	-	-	-
Subtotal	-	-	-
Total	\$15,038	\$385,649	\$800

The Group uses a simplified approach to estimate expected credit losses for all notes receivable and accounts receivable, which involves the measurement of expected credit losses across the assets' lifetimes. For the measurement, these notes receivable and accounts receivable are grouped based on shared credit risk characteristics that indicate the customers' abilities to pay all amounts due in accordance with the contractual terms, and include forward-looking information. For information related to the allowance for losses as of September 30, 2024, December 31, 2023 and September 30, 2023, please refer to Notes 6.(17). For information related to credit risk, please refer to Note 12.

(5) Other receivables

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables	\$30,423	\$16,248	\$16,313
Less: loss allowance	(16,245)	(16,245)	(16,245)
Total	<u>\$14,178</u>	<u>\$3</u>	<u>\$68</u>

Please refer to Note 6.(17) for more details on loss allowance of other receivables for the three months and the nine months ended September 30, 2024 and 2023. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Land and buildings held for sale	\$457,733	\$1,001,340	\$68,659
Land held for construction site and construction in progress	24,106,477	19,816,106	19,778,616
Land held for floor-area-ratio transfer	53,728	124,667	82,321
Prepayment for land purchases	166,733	36,283	82,770
Less: Allowance for inventory valuation loss	(378,470)	(378,470)	(378,470)
Total	<u>\$24,406,201</u>	<u>\$20,599,926</u>	<u>\$19,633,896</u>

A. Details of land and buildings held for sale were as follows:

Project name	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Delpha Dream House A	\$1,762	\$1,762	\$1,762
Delpha Living's Home A	1,192	1,192	1,192
Athens Era A	456	456	456
Athens Era B	1,722	1,722	1,722
Shitan Section Case A	63,527	63,527	63,527
Xinbi Section Case A	101,466	932,681	-
Lejie Section Case A	213,998	-	-
Qingxi Section Case A	73,610	-	-
Total	<u>\$457,733</u>	<u>\$1,001,340</u>	<u>\$68,659</u>

B. Details of Land held for construction site and Construction in progress:

Project name	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Shulin Case	\$198,192	\$198,192	\$198,192
Delpha Living's Home B	9,153	9,153	9,153
Xindian He Feng Case	632,155	632,155	632,155
Fu De Section Case B	423	423	423
Xinguang Road Case B	2,217	2,217	2,217
Huaisheng Urban Renewal Project	1,469,877	1,469,495	1,469,374
Yun He Jie Case B	1,712	1,712	1,712
Wenlin N. Road Case	494,890	494,890	494,891
Xinbi Section Case A	-	-	1,744,626
Xinbi Section Case B	975,980	871,090	862,701
Lejie Section Case A	-	1,069,399	1,014,471
Lejie Section Case B	668,389	629,022	623,995
Lejie Section Case C	1,158,099	943,172	941,297
Qingxi Section Case A	-	620,946	596,204
Qingxi Section Case B	2,022,597	1,824,969	1,737,785
Shanjie Section	867,979	672,697	629,709
Xinzhan Section	600,339	494,784	464,661
Wuri New High-Speed Railway Section	7,312,908	6,187,261	5,948,738
Qing'an Section	946,199	767,599	734,673
Sanzuowu Section	518,965	431,371	419,043
Taiyuan Road Renewal project	1,252,889	1,252,596	1,252,596
Fuxi Section Case	336,128	275,918	-
Yisin Section Case	984,279	967,045	-
Longfu Section Case A	467,200	-	-
Longfu Section Case B	160,328	-	-
Longfu Section Case C	1,537,630	-	-
Longyi Section Case	241,362	-	-
Fengming Section Case A	892,207	-	-
Fengming Section Case B	354,380	-	-
Total	<u>\$24,106,477</u>	<u>\$19,816,106</u>	<u>\$19,778,616</u>

C. Details of land held for floor-area-ratio transfer are as follows:

Project name	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Zheng Ying Section	\$261	\$261	\$261
Lejie Section Case C	1,314	82,060	82,060
Yisin Section Case	52,153	42,346	-
Total	<u>\$53,728</u>	<u>\$124,667</u>	<u>\$82,321</u>

D. Details of prepayment for land purchases are as follows:

Project name	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Lejie Section Case C	\$-	\$34,171	\$-
Yisin Section Case	-	2,112	-
Longyi Section Case B	62,373	-	-
Fengming Section Case B	104,360	-	-
Fuxi Section Case	-	-	82,770
Total	<u>\$166,733</u>	<u>\$36,283</u>	<u>\$82,770</u>

E. The capitalized amounts of interest on land held for construction site and construction in progress for the three months and the nine months ended September 30, 2024 and 2023 were \$71,524 thousand, \$57,391 thousand, \$198,637 thousand, and \$157,856 thousand, respectively, with capitalized interest rates of 2.75%, 2.57%, 2.69% and 2.50%, respectively.

F. Please refer to Note 8 for more details on inventories pledged as secured liabilities.

G. Cost incurred on inventories for the three months and the nine months ended September 30, 2024 and 2023 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cost of selling land and buildings	\$1,192,508	\$-	\$2,651,663	\$4,154
Inventory valuation losses	-	-	-	-
Total	<u>\$1,192,508</u>	<u>\$-</u>	<u>\$2,651,663</u>	<u>\$4,154</u>

H. Current assets recognized as incremental costs to obtain contract with customers:

The cost incurred for entering into contracts with customers is the incremental cost of the contract. The incremental cost of the contract is amortized when the house is handed over to the customers.

(7) Other current financial assets

Item	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Bank deposits	<u>\$1,278,346</u>	<u>\$666,511</u>	<u>\$1,425,673</u>
Current	\$1,278,346	\$666,511	\$1,425,673
Non-current	-	-	-
Total	<u>\$1,278,346</u>	<u>\$666,511</u>	<u>\$1,425,673</u>

Other financial assets included deposits from presold housings and lands held in trust accounts. Please refer to Note 8 for more details on other current financial assets under pledge.

(8) Property, plant and equipment

	Land	Buildings	Transportation equipment	Office Equipment	Leasehold Improvements	Others	Total
Cost:							
As of January 1, 2024	\$94,331	\$38,925	\$2,257	\$10,751	\$1,851	\$370	\$148,485
Additions	-	798	1,585	2,104	-	-	4,487
Disposals and write-offs	-	-	-	(52)	-	-	(52)
Transfers	-	-	-	(272)	-	-	(272)
As of September 30, 2024	<u>\$94,331</u>	<u>\$39,723</u>	<u>\$3,842</u>	<u>\$12,531</u>	<u>\$1,851</u>	<u>\$370</u>	<u>\$152,648</u>
As of January 1, 2023	\$94,331	\$39,174	\$2,257	\$10,174	\$1,851	\$257	\$148,044
Additions	-	-	-	593	-	112	705
As of September 30, 2023	<u>\$94,331</u>	<u>\$39,174</u>	<u>\$2,257</u>	<u>\$10,767</u>	<u>\$1,851</u>	<u>\$369</u>	<u>\$148,749</u>
Depreciation and impairment:							
As of January 1, 2024	\$-	\$21,845	\$1,104	\$8,053	\$1,593	\$248	\$32,843
Depreciation	-	787	238	1,126	258	17	2,426
Disposals and write-offs	-	-	-	(44)	-	-	(44)
Transfers	-	-	-	(272)	-	-	(272)
As of September 30, 2024	<u>\$-</u>	<u>\$22,632</u>	<u>\$1,342</u>	<u>\$8,863</u>	<u>\$1,851</u>	<u>\$265</u>	<u>\$34,953</u>
As of January 1, 2023	\$-	\$20,564	\$761	\$7,196	\$976	\$229	\$29,726
Depreciation	-	1,147	258	915	463	13	2,796
As of September 30, 2023	<u>\$-</u>	<u>\$21,711</u>	<u>\$1,019</u>	<u>\$8,111</u>	<u>\$1,439</u>	<u>\$242</u>	<u>\$32,522</u>
Net carrying amount as of:							
September 30, 2024	<u>\$94,331</u>	<u>\$17,091</u>	<u>\$2,500</u>	<u>\$3,668</u>	<u>\$-</u>	<u>\$105</u>	<u>\$117,695</u>
December 31, 2023	<u>\$94,331</u>	<u>\$17,080</u>	<u>\$1,153</u>	<u>\$2,698</u>	<u>\$258</u>	<u>\$122</u>	<u>\$115,642</u>
September 30, 2023	<u>\$94,331</u>	<u>\$17,463</u>	<u>\$1,238</u>	<u>\$2,656</u>	<u>\$412</u>	<u>\$127</u>	<u>\$116,227</u>

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9) Intangible assets

	Goodwill
Cost:	
As of January 1, 2024	\$11,410
Acquisitions through business combinations	-
As of September 30, 2024	<u>\$11,410</u>
As of January 1, 2023	\$11,410
Acquisitions through business combinations	-
As of September 30, 2023	<u>\$11,410</u>
Impairment losses	
As of January 1, 2024	\$-
Impairment losses	-
As of September 30, 2024	<u>\$-</u>
As of January 1, 2023	\$-
Impairment losses	-
As of September 30, 2023	<u>\$-</u>
Net carrying amount as of:	
September 30, 2024	<u>\$11,410</u>
December 31, 2023	<u>\$11,410</u>
September 30, 2023	<u>\$11,410</u>

(10) Short-term borrowings

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank borrowings	\$1,377,250	\$383,000	\$591,250
Secured bank borrowings	3,665,233	3,732,776	3,913,700
Total	<u>\$5,042,483</u>	<u>\$4,115,776</u>	<u>\$4,504,950</u>
Interest rate	<u>2.49%~3.15%</u>	<u>2.36%~3.12%</u>	<u>2.35%~3.12%</u>

Please refer to Note 8 for more details on part of inventories or property, plant and equipment pledged as security for short-term borrowings.

(11) Short-term notes and bills payable

	Acceptance agencies	As of		
		September 30, 2024	December 31, 2023	September 30, 2023
Short-term notes and bills payable	Notes and bills of Mega Bank	\$100,000	\$100,000	\$100,000
Short-term notes and bills payable	Notes and bills of IBFC	100,000	-	-
Less: unamortized discount		(150)	(61)	(106)
Total		<u>\$199,850</u>	<u>\$99,939</u>	<u>\$99,894</u>
Range of interest rates		<u>2.00%~2.28%</u>	<u>2.04%</u>	<u>2.55%</u>

The Group's short-term notes and bills payables were not pledged.

(12) Long-term borrowings

Details of long-term borrowings as of September 30, 2024, December 31, 2023 and September 30, 2023 are as follows:

Type	As of September 30, 2024	Interest Rate (%)	Maturity date and terms of repayment
Long-term secured borrowings	\$7,590,530	2.56%~3.5%	Effective May 2021 to December 2028, repayments on due day.
Less: current portion	<u>(4,469,550)</u>		
Total	<u>\$3,120,980</u>		
Type	As of December 31, 2023	Interest Rate (%)	Maturity date and terms of repayment
Long-term secured borrowings	\$5,719,935	2.43%~2.86%	Effective May 2021 to November 2027, repayments on due day.
Less: current portion	<u>(3,992,055)</u>		
Total	<u>\$1,727,880</u>		

Type	As of September 30, 2023	Interest Rate (%)	Maturity date and terms of repayment
Long-term secured borrowings	\$5,454,185	2.43%~2.86%	Effective May 2021 to December 2027, repayments on due day.
Less: current portion	(3,992,055)		
Total	<u>\$1,462,130</u>		

The unused total borrowing limits of the Group as of September 30, 2024, December 31, 2023, and September 30, 2023 were approximately \$6,047,466 thousand, \$5,260,189 thousand, and \$6,085,764 thousand, respectively.

Please refer to Note 8 for more details on the mortgage rights established on certain land and buildings pledged as security for long-term borrowings.

### (13) Post-employment benefits

#### Defined contribution plan

Expenses under the defined contribution plan for the three months and the nine months ended September 30, 2024 and 2023 amounted to \$948 thousand, \$539 thousand, \$2,096 thousand and \$1,851 thousand, respectively.

#### Defined benefits plan

Expenses under the defined benefits plan for the three months and the nine months ended September 30, 2024 and 2023 amounted to \$(22) thousand, \$(22) thousand, \$(65) thousand and \$(66) thousand, respectively.

### (14) Provisions

	Provisions for employee benefits
As of January 1, 2024	\$1,260
Arising during the period	-
Utilized	(1,260)
As of September 30, 2024	<u>\$-</u>
As of January 1, 2023	\$1,242
Arising during the period	-
Utilized	(1,242)
As of September 30, 2023	<u>\$-</u>
Current — September 30, 2024	\$-
Non-current — September 30, 2024	-
As of September 30, 2024	<u>\$-</u>
Current — September 30, 2023	\$-
Non-current — September 30, 2023	-
As of September 30, 2023	<u>\$-</u>



### Provisions for employee benefits

The provision for the liability is calculated at year-end based on historical experience, management's judgement, and other known factors, and it represents the estimated amount for unused vacation bonuses owed to employees. These bonuses will be paid in the following fiscal year.

### (15)Equities

#### A. Common stock

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Company's authorized capital was both NT\$12,000,000 thousand and the issued capital was \$8,399,880 thousand, with 839,988 thousand shares, respectively, each at a par value of NT\$10. Each share has one voting the right and right to receive dividends.

#### B. Capital surplus

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Additional paid-in capital	\$1,247,904	\$1,247,904	\$1,247,904
Exercise disgorgement	1	1	1
Cash dividend unclaimed for over five years	1,126	948	948
Share of changes in net assets of associates and joint ventures accounted for using the equity method	8,587	8,587	8,587
Total	<u>\$1,257,618</u>	<u>\$1,257,440</u>	<u>\$1,257,440</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

#### C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation amended on June 28, 2023, current quarter's earnings, if any, shall be distributed in the following order:

- Payment of all taxes and dues.
- Offset prior years' operation losses.
- Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve.
- Set aside or reverse special reserve in accordance with law and regulations.
- The rest shall be distributed in cash by the board of directors; if it is issued new shares, it shall be reported to the shareholder's meeting Resolution.

If the Company has a surplus in the current quarter (including the previous period), and after items a to d listed above, the Board of Directors will propose a distribution plan to the shareholders' meeting. The distribution plan allows for the distribution of shareholder dividends ranging from 0% to 100% of the distributable profits for the year. However, the cash dividend shall not be less than 10% of the total shareholder dividends. If the distributable profits are lower than 5% of the Company's paid-in capital, no distribution will be made.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total issued capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal service which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distributing distributable earnings, it shall be set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental a special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

On March 31, 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

The Company's Board of Directors resolved on August 13, 2024, May 10, 2024, and March 29, 2024, to allocate and distribute the earnings for the second quarter of 2024, the first quarter of 2024, and the fourth quarter of 2023, respectively, as well as the dividends per share, as follows:

	<u>Appropriation of earnings</u>	<u>Dividend per share (NT\$)</u>
	<u>Second quarter of 2024</u>	<u>Second quarter of 2024</u>
Legal reserve	\$51,570	\$-
Common stock - cash dividend	470,393	0.56

	<u>Appropriation of earnings</u>	<u>Dividend per share (NT\$)</u>
	<u>First quarter of 2024</u>	<u>First quarter of 2024</u>
Legal reserve	\$19,557	\$-
Common stock - cash dividend	167,997	0.2

	<u>Appropriation of earnings</u>	<u>Dividend per share (NT\$)</u>
	<u>Fourth quarter of 2023</u>	<u>Fourth quarter of 2023</u>
Legal reserve	\$51,126	\$-
Common stock - cash dividend	453,594	0.54

The Company's earnings distribution plans, approved at the shareholders' meetings held on June 25, 2024, and June 28, 2023, are as follows:

	<u>The years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Legal Reserve	\$51,126	\$38,337
Common stock-cash dividend:		
First half-year distribution (no distribution)	\$-	\$-
Second half-year distribution	\$453,594	\$345,035

Please refer to Note 6.(19) for details on employees' compensation and remuneration to directors and supervisors.

#### D. Non-controlling interests

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$232,870	\$240,310
Profit (loss) attributable to non-controlling interest	(4,515)	(4,769)
Ending balance	<u>\$228,355</u>	<u>\$235,541</u>

#### (16) Operating revenue

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers				
Revenue from sales of buildings	\$872,295	\$-	\$2,032,695	\$900
Revenue from sales of Land	1,125,920	-	2,518,830	555
Subtotal	1,998,215	-	4,551,525	1,455
Rental revenue	2,192	2,177	6,602	7,907
Total	<u>\$2,000,407</u>	<u>\$2,177</u>	<u>\$4,558,127</u>	<u>\$9,362</u>

Analysis of revenue from contracts in the Group's with customers during the three months and the nine months ended September 30, 2024 and 2023 are as follows:

A. Disaggregation of revenue

For the three months ended September 30, 2024:

	The Company	Huachien	Huajian	Total
Sales of Buildings	\$872,295	\$-	\$-	\$872,295
Sales of Land	1,125,920	-	-	1,125,920
Rental Revenue	31	2,161	-	2,192
Total	<u>\$1,998,246</u>	<u>\$2,161</u>	<u>\$-</u>	<u>\$2,000,407</u>

Timing of revenue recognition:

At a point in time	\$1,998,215	\$-	\$-	\$1,998,215
Over time	31	2,161	-	2,192
Total	<u>\$1,998,246</u>	<u>\$2,161</u>	<u>\$-</u>	<u>\$2,000,407</u>

For the three months ended September 30, 2023:

	The Company	Huachien	Huajian	Total
Sales of land and buildings	\$-	\$-	\$-	\$-
Rental Revenue	32	2,145	-	2,177
Total	<u>\$32</u>	<u>\$2,145</u>	<u>\$-</u>	<u>\$2,177</u>

Timing of revenue recognition:

At a point in time	\$-	\$-	\$-	\$-
Over time	32	2,145	-	2,177
Total	<u>\$32</u>	<u>\$2,145</u>	<u>\$-</u>	<u>\$2,177</u>

For the nine months ended September 30, 2024:

	The Company	Huachien	Huajian	Total
Sales of Buildings	\$2,032,695	\$-	\$-	\$2,032,695
Sales of Land	2,518,830	-	-	2,518,830
Rental Revenue	94	6,508	-	6,602
Total	<u>\$4,551,619</u>	<u>\$6,508</u>	<u>\$-</u>	<u>\$4,558,127</u>

Timing of revenue recognition:

At a point in time	\$4,551,525	\$-	\$-	\$4,551,525
Over time	94	6,508	-	6,602
Total	<u>\$4,551,619</u>	<u>\$6,508</u>	<u>\$-</u>	<u>\$4,558,127</u>

For the nine months ended September 30, 2023:

	The Company	Huachien	Huajian	Total
Sales of land and buildings	\$1,455	\$-	\$-	\$1,455
Rental Revenue	1,486	6,421	-	7,907
Total	<u>\$2,941</u>	<u>\$6,421</u>	<u>\$-</u>	<u>\$9,362</u>
Timing of revenue recognition:				
At a point in time	\$1,455	\$-	\$-	\$1,455
Over time	1,486	6,421	-	7,907
Total	<u>\$2,941</u>	<u>\$6,421</u>	<u>\$-</u>	<u>\$9,362</u>

#### B. Balances of contract liability

Contract liability – current

	As of			
	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Contract liability:				
Sales of land and buildings	<u>\$3,117,836</u>	<u>\$2,143,844</u>	<u>\$2,014,962</u>	<u>\$948,965</u>

The significant changes in the Group's balances of contract liability during the nine months ended September 30, 2024 and 2023 are as follows:

	Nine months ended September 30,	
	2024	2023
The opening balance transferred to revenue	\$(775,743)	\$-
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,751,845	1,092,307
Refund from contract cancellation	(2,110)	(26,310)
Total	<u>\$973,992</u>	<u>\$1,065,997</u>

#### C. Assets recognized from costs as a result of entering into or performing a contract

Current assets recognized as incremental costs to obtain contracts with customers

	As of			
	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Sales of land and buildings	<u>\$556,228</u>	<u>\$460,791</u>	<u>\$387,245</u>	<u>\$169,767</u>

(17) Expected credit losses/ (gains)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Operating expenses – expected credit losses/(gains)				
Notes receivable	\$-	\$-	\$-	\$-
Accounts receivable	-	-	-	-
Subtotal	\$-	\$-	\$-	\$-
Non-operating income and expenses - expected credit losses/(gains)				
Other receivables	-	-	-	-
Total	\$-	\$-	\$-	\$-

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of September 30, 2024 and 2023 is as follows:

- A. The Group considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Due to the approximate equality of individual loss rates within the Group, we do not differentiate between subgroups. Details are as follows:

As of September 30, 2024

		Overdue				
	Not yet due	<=90 days	91-180 days	181-365 days	>=366 days	Total
Gross carrying amount	\$21,784	\$-	\$-	\$-	\$-	\$21,784
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	\$21,784	\$-	\$-	\$-	\$-	\$21,784

As of December 31, 2023

		Overdue				
	Not yet due	<=90 days	91-180 days	181-365 days	>=366 days	Total
Gross carrying amount	\$396,039	\$-	\$-	\$-	\$-	\$396,039
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	\$396,039	\$-	\$-	\$-	\$-	\$396,039

As of September 30, 2023

	Not yet due	Overdue				Total
		<=90 days	91-180 days	181-365 days	>=366 days	
Gross carrying amount	\$19,215	\$-	\$-	\$-	\$-	\$19,215
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	\$19,215	\$-	\$-	\$-	\$-	\$19,215

The movement in the provision for impairment of notes receivable, accounts receivable and other receivables during the nine months ended September 30, 2024 and 2023 is as follows:

	Other receivables	Notes receivable	Accounts receivable
Bal. as of January 1, 2024	\$16,245	\$-	\$-
Addition/(reversal) for the current period	-	-	-
Bal. as of September 30, 2024	\$16,245	\$-	\$-
Bal. as of January 1, 2023	\$16,245	\$-	\$-
Addition/(reversal) for the current period	-	-	-
Bal. as of September 30, 2023	\$16,245	\$-	\$-

## (18) Leases

### A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings. The lease terms range from 1 to 4 years. Except for certain leased assets that are not allowed to be subleased, lent, pledged, or used by others through other indirect methods, no additional restrictions have been imposed on.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

#### (A) Amounts recognized in the balance sheet

##### a. Right-of-use assets

The carrying amount of right-of-use assets

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	\$5,353	\$717	\$1,298

During the nine months ended September 30, 2024 and 2023, the Group's additions to right-of-use assets amounting to \$6,197 thousand and \$0 thousand, respectively.

b. Lease liabilities

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Lease liabilities	\$5,369	\$738	\$1,333
Current	\$5,369	\$738	\$1,333
Non-current	-	-	-

Please refer to Note 6.(20)(d) for the interest on lease liabilities recognized during the nine months ended September 30, 2024 and 2023 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(B) Amounts recognized in the statement of profit or loss

Depreciation expenses for right-of-use assets

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Buildings	\$516	\$583	\$1,561	\$1,742

(C) Income and expenses relating to leasing activities

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
The expenses relating to short-term leases	\$234	\$61	\$496	\$259
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	418	378	915	858

(D) Cash outflow relating to leasing activities

During the three months and the nine months ended September 30, 2024 and 2023, the Group's total cash outflows for leases amounting to \$1,188 thousand, \$1,039 thousand, \$3,027 thousand and \$2,914 thousand, respectively.

B. Group as a lessor

Please refer to Note 6.(8) for details on the Group's owned property, plant and equipment (Buildings). The Company has entered into leases on certain equipment with lease terms range from one to five years. Leases of owned property, plant and equipment are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Lease income for operating leases				
Income relating to lease payments	\$2,192	\$2,177	\$6,602	\$7,907



Please refer to Note 6.(8) for relevant disclosure of property, plant and equipment (buildings) for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of September 30, 2024 are as follow:

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Not later than one year	\$6,520	\$5,964	\$6,389
Later than one year but not later than two years	402	3,618	4,463
Later than two years but not later than three years	43	303	231
Later than three years but not later than four years	-	-	-
Later than four years but not later than five years	-	-	-
Later than five years	-	-	-
Total	<u>\$6,965</u>	<u>\$9,885</u>	<u>\$11,083</u>

(19) Summary statement of employee benefits, depreciation and amortization expenses by function during the three months and the nine months ended September 30, 2024 and 2023:

	Three months ended September 30,					
	2024			2023		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$13,636	\$13,545	\$27,181	\$8,344	\$11,125	\$19,469
Labor and health insurance contribution	-	2,046	2,046	-	1,059	1,059
Pension costs	-	926	926	-	517	517
Other employee benefits expense	2,287	2,279	4,566	418	591	1,009
Depreciation expenses	131	1,137	1,268	97	1,444	1,541
Amortization expenses	75	86	161	18	49	67

	Nine months ended September 30,					
	2024			2023		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$31,354	\$36,510	\$67,864	\$20,227	\$27,981	\$48,208
Labor and health insurance contribution	-	4,812	4,812	-	4,085	4,085
Pension costs	-	2,031	2,031	-	1,785	1,785
Other employee benefits expense	5,103	4,278	9,381	1,201	1,415	2,616
Depreciation expenses	347	3,640	3,987	229	4,309	4,538
Amortization expenses	858	215	1,073	54	168	222

According to the Articles of Incorporation, 0.5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall first have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

For the nine months ended September 30, 2024, the Company's compensation to employees and directors remuneration were determined based on profit in the amount of \$7,942 thousand and \$1,499 thousand therefore, no estimates were made for the employee's compensation and remuneration to directors for the nine months ended September 30, 2023 because of loss.

(20) Non-operating income and expenses

(a) Other income

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Income from name change fees	\$322	\$-	\$971	\$-
Dividend income	-	-	1,553	1,393
Others	246	2,470	2,130	15,927
Total	<u>\$568</u>	<u>\$2,470</u>	<u>\$4,654</u>	<u>\$17,320</u>

(b) Interest income

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Interest on bank deposits	\$99	\$513	\$6,126	\$6,484
Other interest income	-	(3)	-	3
Total	<u>\$99</u>	<u>\$510</u>	<u>\$6,126</u>	<u>\$6,487</u>

(c) Other gains and losses

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Foreign exchange losses (gains), net	\$(23)	\$61	\$(20)	\$98
Lease contract modification benefits	-	-	-	5
Increase in construction contract	-	-	-	(3,249)
Loss on disposal of property, plant, and equipment	-	-	(8)	-
Other non-operating losses	-	(760)	-	(3,241)
Total	<u>\$(23)</u>	<u>\$(699)</u>	<u>\$(28)</u>	<u>\$(6,387)</u>

(d) Financial costs

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Interest on borrowings from bank	\$78,388	\$62,365	\$218,383	\$171,736
Loss: Capitalized interests	(71,524)	(57,391)	(198,637)	(157,856)
Interest on lease liabilities	35	8	49	31
Total finance costs	<u>\$6,899</u>	<u>\$4,982</u>	<u>\$19,795</u>	<u>\$13,911</u>

(21) Components of other comprehensive income

Three months ended September 30, 2024 components of other comprehensive income

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	<u>\$(240)</u>	<u>\$-</u>	<u>\$(240)</u>	<u>\$-</u>	<u>\$(240)</u>

Three months ended September 30, 2023 components of other comprehensive income

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	<u>\$169</u>	<u>\$-</u>	<u>\$169</u>	<u>\$-</u>	<u>\$ 169</u>

Nine months ended September 30, 2024 components of other comprehensive income

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	<u>\$(893)</u>	<u>\$-</u>	<u>\$(893)</u>	<u>\$-</u>	<u>\$(893)</u>

## Nine months ended September 30, 2023 components of other comprehensive income

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$210	\$-	\$210	\$-	\$210

## (22) Income tax

The major components of income tax expense (income) the three months and the nine months ended September 30, 2024 and 2023 are as follows:

### Income tax expense (income) recognized in profit or loss

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Current income tax expense (income):				
Current income tax charge	\$124,875	\$2,428	\$330,023	\$5,863
Land value increment tax	6,213	-	9,424	21
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	81	(3,123)	91	(5,923)
Total income tax expense (income)	\$131,169	\$(695)	\$339,538	\$(39)

### The assessment of income tax returns

As of September 30, 2024, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2022
Subsidiaries-Huachien	Assessed and approved up to 2022
Subsidiaries-Huajian	Assessed and approved up to 2022

## (23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
(1) Basic earnings (loss) per share				
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT\$)	\$528,234	\$(20,497)	\$1,239,512	\$(47,526)
Weighted average number of ordinary shares outstanding for basic earnings (loss) per share (in thousands)	839,988	839,988	839,988	839,988
Basic earnings (loss) per share (NT\$)	<u>\$0.63</u>	<u>\$(0.03)</u>	<u>\$1.48</u>	<u>\$(0.06)</u>
(2) Diluted earnings (loss) per share				
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT\$)	\$528,234	\$(20,497)	\$1,239,512	\$(47,526)
Weighted average number of ordinary shares outstanding for basic earnings (loss) per share (in thousands)	839,988	839,988	839,988	839,988
Effect of dilution:				
Employee stock options (in thousands)	159	-	276	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	840,147	839,988	840,264	839,988
Diluted earnings (loss) per share (NT\$)	<u>\$0.63</u>	<u>\$(0.03)</u>	<u>\$1.48</u>	<u>\$(0.06)</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(24) Subsidiaries that have material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation and operation	As of		
		September 30, 2024	December 31, 2023	September 30, 2023
Huachien	Taiwan	41.64%	41.64%	41.64%

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Accumulated balances of material non-controlling interest:			
Huachien	\$228,355	\$232,870	\$235,541

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Profit/(loss) allocated to material non-controlling interest:				
Huachien	<u>\$(1,523)</u>	<u>\$(1,667)</u>	<u>\$(4,515)</u>	<u>\$(4,769)</u>

Dividends paid to material non-controlling interest:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Huachien	\$-	\$-	\$-	\$-

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized information of profit or loss for the three months ended September 30, 2024:

	Huachien
Operating revenue	\$2,161
Net profit (loss) for the period from continuing operations	\$(3,658)
Total comprehensive (loss) income for the period	\$(3,658)

Summarized information of profit or loss for the three months ended September 30, 2023:

	Huachien
Operating revenue	\$2,145
Net profit (loss) for the period from continuing operations	\$(4,003)
Total comprehensive (loss) income for the period	\$(4,003)

Summarized information of profit or loss for the nine months ended September 30, 2024:

	Huachien
Operating revenue	\$6,508
Net profit (loss) for the period from continuing operations	\$(10,843)
Total comprehensive (loss) income for the period	\$(10,843)

Summarized information of profit or loss for the nine months ended September 30, 2023:

	Huachien
Operating revenue	\$6,421
Net profit (loss) for the period from continuing operations	\$(11,453)
Total comprehensive (loss) income for the period	\$(11,453)

Summarized information of financial position as of September 30, 2024:

	Huachien
Current assets	\$1,272,077
Non-current assets	64,795
Current liabilities	53,102
Non-current liabilities	745,556

Summarized information of financial position as of December 31, 2023:

	Huachien
Current assets	\$1,267,037
Non-current assets	60,592
Current liabilities	(33,015)
Non-current liabilities	(745,556)

Summarized information of financial position as of September 30, 2023:

	Huachien
Current assets	\$1,272,429
Non-current assets	61,160
Current liabilities	(32,560)
Non-current liabilities	(745,556)

Summarized cash flow information for the nine months ended September 30, 2024:

	Huachien
Operating activities	\$(10,088)
Investing activities	-
Financing activities	12,431
Net increase/(decrease) in cash and cash equivalents	<u>\$2,343</u>

Summarized cash flow information for the nine months ended September 30, 2023:

	Huachien
Operating activities	\$(14,065)
Investing activities	-
Financing activities	13,424
Net increase/(decrease) in cash and cash equivalents	<u>\$(641)</u>

## 7. Related-Party Transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

### (1) Name and nature of relationship of the related parties

Name	Relationship with the Company
Pauguo Real Estate Management Co., Ltd.	Substantive related party
Masada Technology Co., Ltd.	Substantive related party
Mx. Wu	The Group's managers
Mx. Chien	The Group's managers
Mx. Li	The Group's Chief Auditor
Mx. Huang	Substantive related party
Mx. Chen	Substantive related party

(2) Significant transactions with related parties

(a) Purchases:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Construction in progress-elevator engineering Masada Technology Co., Ltd.	\$-	\$2,426	\$3,233	\$2,426

The Group's payment terms for purchasing goods from related parties are comparable to those of general manufacturers.

(b) Cost of construction in progress:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Financial expenses Pauguo Real Estate Management Co., Ltd.	\$-	\$609	\$-	\$1,676

(c) Administrative expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Miscellaneous expenses Pauguo Real Estate Management Co., Ltd.	\$-	\$27	\$6	\$27

(d) Notes payable:

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Notes payable Masada Technology Co., Ltd.	\$-	\$2,087	\$2,026

(e) On August 13, 2024, the Group's Board of Directors resolved to approve the sale of pre-constructed real estate to the Group's managers, Mx. Wu, Mx. Chien, and the Group's Chief Auditor, Mx. Li, in accordance with the Group's Regulation Governing the Purchase of Housing by Employees. As of the date of approval of these financial statements, the transaction agreements had been finalized, with the total contract amount of NT\$60,700 thousand. The payment terms of the agreements had no material differences with the general commercial terms. A payment of NT\$3,050 thousand has been received in accordance with the contract.

(f) On September 13, 2024, the Group's Board of Directors resolved to approve the sale of pre-constructed real estate to the Group's substantive related parties, Mx. Huang and Mx. Chen. There are no material differences in the transaction price and payment terms compared to general commercial terms. As of the date of approval of these financial statements, the transaction agreements had been finalized, with the contract amount of NT\$32,840 thousand. And the payment of NT\$3,290 thousand has been received in accordance with the contract.



### Key management personnel compensation

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$3,515	\$1,664	\$9,958	\$5,021

### 8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	Secured liabilities	Carrying amount		
		September 30, 2024	December 31, 2023	September 30, 2023
Inventories				
Available-for-sale land	Current borrowings	\$20,266	\$20,266	\$-
Available-for-sale housing	Current borrowings	43,260	43,260	-
Land held for construction site	Current burrowing, non-current borrowings	16,326,995	12,486,823	12,657,228
Land held for floor-area-ratio transfer	Current burrowing, non-current borrowings	1,313	-	-
Construction in progress	Current burrowing, non-current borrowings	6,208,883	3,925,408	3,546,575
Property, plant and equipment				
Land	Current borrowings	94,331	94,331	94,331
Buildings	Current borrowings	17,090	17,081	17,463
Other equipment	Current borrowings	28	28	28
Other current financial assets	Trust account	1,248,926	666,511	1,425,673
Total		\$23,961,092	\$17,253,708	\$17,741,298

### 9. Significant contingencies and unrecognized contractual commitments

- (1) As of September 30, 2024, the Group's guarantee notes received from the contractors and customers amounted to \$1,827,686 thousand.
- (2) As of September 30, 2024, the amount of guarantee notes issued by the Group to landlords and to payment on purchase of land amounted to \$886,691 thousand.
- (3) As of September 30, 2024, the contracts the Group signed for the pre-sale of properties with customers amounted to \$22,650,100 thousand (tax included), and \$2,820,270 thousand (tax included) has been received according to the contract term and conditions.
- (4) As of September 30, 2024, the total price of the contracts on the sale of the remaining housing units that the Group has signed with such units not handed over is \$511,950 thousand, and the payments received as per the contracts amounted to \$303,050 thousand.
- (5) As of September 30, 2024, the Group signed material and construction contracts with contractors in the amount of \$7,371,543 thousand, of which \$2,784,519 thousand was unpaid.
- (6) As of September 30, 2024, the total price of the land purchase contracts that the Group has signed with the ownership of the land not yet transferred in the amount of \$555,777 thousand, of which \$389,044 thousand was unpaid.

- (7) Due to real estate sales, the Group confiscated penalty fees in the amount of NT\$14,048 thousand as per the contract. In 2023, the buyer filed a lawsuit with the Shilin District Court, seeking a refund of the excess penalty fees and petitioning the court to reduce the confiscated penalty fees to zero, and to order the Group to return the interest on the prepaid real estate payments. Consequently, the buyer claimed that the Group shall pay them NT\$18,970 thousand. On August 15, 2024, the court dismissed the plaintiff's claim, and on September 13, 2024, the counterparty filed an appeal. As of the date of approval of these financial statements, the case was still under court review.

#### 10. Losses due to major disasters

None.

#### 11. Significant subsequent events

- (1) The Company's Board of Directors resolved on November 12, 2024 to allocate and distribute the earnings for the third quarter of 2024, as well as the dividends per share, as follows:

	<u>Appropriation of earnings</u> <u>Third quarter of 2024</u>	<u>Dividend per share (NT\$)</u> <u>Third quarter of 2024</u>
Legal reserve	\$52,823	\$-
Common stock - cash dividend	483,706	0.57584926

- (2) In November 2024, the Company obtained approval from the Board of Directors to sign a contract with the subsidiary, Huajian, for undertaking the renovation phase of the construction project of Qing'an Section of Shanhua District, Tainan City. The project value did not exceed NT\$393,096 thousand.

#### 12. Others

- (1) Financial instruments

##### A. Categories of financial instruments

##### Financial assets

	<u>As of</u>		
	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Financial assets at fair value through other comprehensive income			
Investments in designated equity instrument	<u>\$2,110</u>	<u>\$3,003</u>	<u>\$2,740</u>
Financial assets reassured at amortized cost			
Cash and equivalents (excluding cash on hand)	\$1,173,713	\$1,114,378	\$814,480
Notes receivable	6,746	10,390	18,415
Accounts receivable	15,038	385,649	800
Other receivables	14,178	3	68
Other financial assets	1,278,346	666,511	1,425,673
Guarantee deposits paid	7,911	8,526	14,363
Total	<u>\$2,495,932</u>	<u>\$2,185,457</u>	<u>\$2,273,799</u>

## Financial liabilities

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities at amortized cost			
Short-term borrowings	\$5,042,483	\$4,115,776	\$4,504,950
Short-term notes and bills payable	199,850	99,939	99,894
Notes payable	295,947	378,889	389,891
Accounts payable	314,553	247,927	97,763
Other payables	195,055	187,628	69,528
Long-term borrowings (including current portion)	7,590,530	5,719,935	5,454,185
Guarantee deposits received	1,700	1,700	1,700
Total	<u>\$13,640,118</u>	<u>\$10,751,794</u>	<u>\$10,617,911</u>
Lease liabilities	<u>\$5,369</u>	<u>\$738</u>	<u>\$1,333</u>

### B. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

### (3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

#### Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against foreign currency USD by 5%, the profit for the nine months ended September 30, 2024 and 2023 is increased/decreased by \$47 thousand and \$7 thousand, respectively, the equity is increased/decreased by \$62 thousand and \$79 thousand, respectively.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 1% of interest rate in a reporting period could cause the profit for the nine months ended September 30, 2024 and 2023 to increase/decrease by \$128,329 thousand and \$100,590 thousand, respectively.

#### Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 10% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Group's profit for the nine months ended September 30, 2024 and 2023 by \$211 thousand and \$274 thousand, respectively.

Please refer to Note 12.(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

#### (4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

The main account receivables of the Group consist of installment payments to be collected from customers for the sale of real estate. Based on the customer's past payment history and an assessment by the management, no significant credit risks were identified.

Credit risk from balances with banks, income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

#### (5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

## Non-derivative financial liabilities

	Less than					
	1 year	2 to 3 years	4 to 5 years	over 5 years	Total	
As of September 30, 2024						
Short-term borrowings	\$3,950,823	\$1,206,283	\$-	\$-	\$5,157,106	
Short-term notes and bills payable	200,150	-	-	-	200,150	
Accounts and other payables	805,555	-	-	-	805,555	
Long-term borrowings (including current portion)	3,324,728	1,541,695	3,182,422	-	8,048,845	
Lease liabilities	2,204	3,165	-	-	5,369	
Guarantee deposits paid	1,466	234	-	-	1,700	
As of December 31, 2023						
Short-term borrowings	\$1,973,448	\$2,259,937	\$-	\$-	\$4,233,385	
Short-term notes and bills payable	100,061	-	-	-	100,061	
Accounts and other payables	814,444	-	-	-	814,444	
Long-term borrowings (including current portion)	271,922	4,105,243	1,656,642	-	6,033,807	
Guarantee deposits paid	738	-	-	-	738	
Short-term borrowings	876	824	-	-	1,700	
As of September 30, 2023						
Short-term borrowings	\$2,654,870	\$1,959,201	\$-	\$-	\$4,614,071	
Short-term notes and bills payable	100,106	-	-	-	100,106	
Accounts and other payables	557,182	-	-	-	557,182	
Long-term borrowings (including current portion)	265,321	4,015,200	1,494,077	-	5,774,598	
Lease liabilities	1,333	-	-	-	1,333	
Guarantee deposits paid	876	824	-	-	1,700	

### (6) Reconciliation of liabilities arising from financing activities

#### Reconciliation of liabilities for the nine months ended September 30, 2024:

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Leases liabilities	Guarantee deposits paid	Total liabilities from financing activities
As of January 1, 2024	\$4,115,776	\$99,939	\$5,719,935	\$738	\$1,700	\$9,938,088
Cash flows	926,707	99,911	1,870,595	(1,616)	-	2,895,597
Non-cash changes	-	-	-	6,247	-	6,247
As of September 30, 2024	\$5,042,483	\$199,850	\$7,590,530	\$5,369	\$1,700	\$12,839,932

#### Reconciliation of liabilities for the nine months ended September 30, 2023:

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Leases liabilities	Guarantee deposits paid	Total liabilities from financing activities
As of January 1, 2023	\$3,609,000	\$49,960	\$4,845,935	\$3,079	\$3,592	\$8,511,566
Cash flows	895,950	49,934	608,250	(1,797)	(1,892)	1,550,445
Non-cash changes	-	-	-	51	-	51
As of September 30, 2023	\$4,504,950	\$99,894	\$5,454,185	\$1,333	\$1,700	\$10,062,062

(7) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- b. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- c. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

- (b) Fair value of financial instruments measured at amortized cost.

The Group measures the carrying amount of financial instruments at amortized cost, which reasonably approximate their fair value.

- (c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

- (a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.  
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.  
Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of September 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$-	\$-	\$2,110	\$2,110

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$-	\$-	\$3,003	\$3,003

As of September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$-	\$-	\$2,740	\$2,740

Transfers between Level 1 and Level 2 during the period

During the nine months ended September 30, 2024 and 2023, the Group's assets and liabilities measured at repetitive fair value did not experience any transfer between fair value Level I and II.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

Adjustments to the balance of assets and liabilities for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of January 1, 2024	\$3,003
Total gains and losses recognized for the nine months ended September 30, 2024:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(893)
Acquisition/issues for the nine months ended September 30, 2024	-
Disposal/settlements for the nine months ended September 30, 2024	-
Transfer in/(out) of Level 3	-
Ending balances as of September 30, 2024	<u>\$2,110</u>



	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of January 1, 2023	\$2,530
Total gains and losses recognized for the nine months ended September 30, 2023:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	210
Acquisition/issues for the nine months ended September 30, 2023	-
Disposal/settlements for the nine months ended September 30, 2023	-
Transfer in/(out) of Level 3	-
Ending balances as of September 30, 2023	<u>\$2,740</u>

Total gains and losses recognized in profit or loss for the nine months ended September 30, 2024 and 2023 in the Table above confine gains and losses related to assets on hands as of September 30, 2024 and 2023 in the amount of \$(893) thousand and \$210 thousand, respectively.

#### Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of September 30, 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Venture capital company stocks	Net asset value method	discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group’s equity by \$352 thousand

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Venture capital company stocks	Net asset value method	discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's equity by \$500 thousand

As of September 30, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Venture capital company stocks	Net asset value method	discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's equity by \$457 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial & Accounting Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

- (c) Fair value measurement hierarchy not measured at fair value but for which the fair value is disclosed.

As of September 30, 2024:

None

As of December 31, 2023:

None

As of September 30, 2023:

None

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

As of September 30, 2024			
	Foreign currency	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	\$29	31.650	\$930
Non-monetary items:			
USD	39	31.650	1,247
As of December 31, 2023			
	Foreign currency	Foreign exchange rate	NTD
Financial assets			
Non-monetary items:			
USD	\$57	30.705	\$1,761
As of September 30, 2023			
	Foreign currency	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	\$5	32.270	\$145
Non-monetary items:			
USD	49	32.270	1,581

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(10) Capital management

The Group's capital management aims to ensure the ability as a going concern, so as to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, reduce capital to refund shareholders, or issue new shares or sell assets to pay off liabilities.

In line with the approaches adopted by its competitors, the Group manages capital on the basis of its debt-to-capital ratio, which is calculated by dividing net liabilities by total capital. Net liabilities are the total liabilities presented in the balance sheet less cash and cash equivalents. Total capital is the total component of equity (i.e., share capital, capital surplus, retained earnings, other equity interest, and noncontrolling interests) plus net liabilities.

The administrative authority uses appropriate net liabilities/(total equity plus net liabilities) or other financial ratios to determine the Group's optimal capital to ensure that financing is available at a reasonable cost.

The debt-to-capital ratio is as follows:

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
Total liabilities	\$17,114,173	\$13,049,787	\$12,684,523
Less: Cash and cash equivalents	(1,173,713)	(1,114,378)	(814,480)
Net liabilities	15,940,460	11,935,409	11,870,043
Total equity	10,820,440	10,678,142	10,121,769
Capital after adjustment	\$26,760,900	\$22,613,551	\$21,991,812
Debt-to-capital ratio	59.57%	52.78%	53.97%

### 13. Additional Disclosure

- (1) Information on significant transactions (certain transactions were eliminated upon consolidation)

No.	Item	Footnote
1	Financial provided to others.	None
2	Endorsements/guarantees provided to others.	Table 1
3	Marketable securities held (not including subsidiaries, assonates and joint ventures).	Table 2
4	Individual securities acquired or disposed of with accumulated amount exceeding \$300 million or 20 percent of capital stock.	None
5	Acquisition of individual real estate properties at costs of at least NTD 300 million or 20 percent of capital stock.	Table 3
6	Disposable of individual real estate properties at costs of at least NTD 300 million or 20 percent of capital stock.	None
7	Total purchases from or sales to related parties of at least NTD 100 million or 20 percent of capital stock.	Table 4
8	Receivables due from related parties amounting to at least NTD 100 million or 20 percent of capital stock.	Table 5
9	Derivatives instruments transactions.	None
10	Significant intercompany transactions between consolidated entities.	Table 6

- (2) Information on investees: Please refer to Table 7 for more details.
- (3) Information on investments in mainland China: No such circumstances.
- (4) Information on major shareholders: Please refer to Table 8 for more details.

#### 14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

- (1) Construction Department: This department is mainly responsible for entrusting construction contractors and developing public residential housing and commercial buildings for lease or sale.
- (2) Movable and Immovable Property Investment and Development Department: Primarily responsible for the development, leasing, and sale of residential properties and buildings, as well as the development of specialized districts.
- (3) Building Department: This department is responsible for contracting, managing, and investing in civil and architectural engineering projects.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on pretax operating profit or loss and is measured based on significant accounting policies information consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer pricing between operating segment is on an arm's length basis in a manner similar to transactions with third parties.

##### A. Information on the reportable segment's profit or loss, assets, and liabilities

	Nine months ended September 30, 2024				
	Construction Department	Movable and Immovable Property Investment and Development Department	Building Department	Adjustment and elimination	Total amount
Revenue					
Revenue from external customer	\$4,551,619	\$6,508	\$-	\$-	\$4,558,127
Inter-segment revenue	236	-	1,791,834	(1,792,070)	-
Total revenue	<u>\$4,551,855</u>	<u>\$6,508</u>	<u>\$1,791,834</u>	<u>\$(1,792,070)</u>	<u>\$4,558,127</u>
Segment profit/loss	<u>\$1,578,969</u>	<u>\$ (10,843)</u>	<u>\$998</u>	<u>\$5,411</u>	<u>\$1,574,535</u>
Segment assets	<u>\$26,894,485</u>	<u>\$1,336,872</u>	<u>\$1,246,657</u>	<u>\$ (1,543,401)</u>	<u>\$27,934,613</u>
Segment liabilities	<u>\$16,302,399</u>	<u>\$798,658</u>	<u>\$859,081</u>	<u>\$ (845,965)</u>	<u>\$17,114,173</u>

Reconciliation and elimination eliminated inter-segment income, profit and loss, and departmental assets and liabilities.

	Nine months ended September 30, 2023				
	Construction Department	Movable and Immovable Property Investment and Development Department	Building Department	Adjustment and elimination	Total amount
Revenue					
Revenue from external customer	\$2,941	\$6,421	\$-	\$-	\$9,362
Inter-segment revenue	236	-	1,140,851	(1,141,087)	-
Total revenue	<u>\$3,177</u>	<u>\$6,421</u>	<u>\$1,140,851</u>	<u>\$(1,141,087)</u>	<u>\$9,362</u>
Segment profit/loss	<u>\$(53,429)</u>	<u>\$(11,453)</u>	<u>\$28,329</u>	<u>\$(15,781)</u>	<u>\$(52,334)</u>
Segment assets	<u>\$21,890,607</u>	<u>\$1,333,589</u>	<u>\$855,688</u>	<u>\$(1,273,592)</u>	<u>\$22,806,292</u>
Segment liabilities	<u>\$12,004,379</u>	<u>\$778,116</u>	<u>\$482,464</u>	<u>\$(580,436)</u>	<u>\$12,684,523</u>

Reconciliation and elimination eliminated inter-segment income, profit and loss, and departmental assets and liabilities.

B. Reconciliation for reportable segment revenue, profit or loss, assets, liabilities, and other significant items

The external revenue, segment profit or loss, and total assets provided to the chief operating decision maker are measured using the same methods as those used in the financial statements for revenue, net profit after tax, and total assets, thus no adjustments are required.

C. Geographical Information: The Group does not have any foreign operating segments.

D. Significant Customer Information: The property is sold (or leased) to the general consumer market, therefore, there is no principal customer.

Delpha Construction Co., Ltd. and Subsidiaries

Notes to unaudited consolidated financial statements (continued)

Table 1: Endorsements/guarantees provided to others

(In Thousands of New Taiwan Dollars)

No. <Note 1>	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party <Note3>	Maximum Balance for the period <Note4>	Ending Balance <Note5>	Amount Actually Drawn <Note6>	Amounts of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable <Note3>	Guarantee Provided by Parent Company <Note7>	Guarantee Provided by A Subsidiary <Note7>	Guarantee Provided to Subsidiaries in Mainland China <Note7>
		Company name	Nature of relationship <Note2>										
0	The Company	Huajian	2	2,118,417	400,000	400,000	318,041	-	3.78%	5,296,043	Y	N	N

( 20% of net worth )

<Note 1> The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

- (1) The Company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

<Note 2> The following code represents the relationship with the company:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

<Note 3> (1) The amount of endorsement/guarantee shall not exceed 50% of net worth per latest financial statements of the Company; the limits on endorsement/guarantee amount provided to each guaranteed party shall not exceed 20% of the net worth per latest financial statements of the Company.

(2) Provision of endorsement and guarantee provided for a single entity which is having business dealings shall keep the amount no more than 20% of net assets recorded in the latest financial statements of the Company.

(3) The amount of the Company's and its subsidiaries' endorsement/guarantee shall not exceed 50% of net worth per latest financial statements of the Company; the limits on endorsement/guarantee amount provided to each guaranteed party shall not exceed 20% of the net worth per latest financial statements of the Company.

<Note 4> The highest balance during the year for the provision of endorsement and guarantee to others.

<Note 5> The amount approved by the board of directors, however, if the board of directors authorizes the chairman of the board of directors to make a decision in accordance with paragraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount decided by the chairman of the board.

<Note 6> The actual amount drawn down within the range of the endorsement and guarantee to others by the Company.

<Note 7> Fill in "Y" for endorsement/guarantee provided by listed parent companies to subsidiaries and vice versa, and for ones provided to subsidiaries in Mainland China.

Delpha Construction Co., Ltd. and Subsidiaries

Notes to unaudited consolidated financial statements (continued)

Table 2: Marketable securities held (not including subsidiaries, associates and joint ventures)

(In Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type	Marketable Securities Name	Relationship with the Company	Financial Statement Account	September 30, 2024				Note
					Share/ Units	Carrying Value	Percentage of ownership (%)	Fair value	
The Company	Stock	Vincera Growth Capital II Limited	None	Financial assets at fair value through other comprehensive income - non-current	60,000	\$1,247	5.24%	\$1,247	
The Company	Stock	Hwa Chi Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,816	863	1.56%	863	
						<u>\$2,110</u>		<u>\$2,110</u>	



Delpha Construction Co., Ltd. and Subsidiaries

Notes to unaudited consolidated financial statements (continued)

Table 3: Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital

(In Thousands of New Taiwan Dollars)

Company	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counterparty	Relationship with the Company	Disclosure of Information on Previous Transfer of Property is Required for Related Parties who are also the Counterparty				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
The Company	Land serial Nos. 459 and 460, Longfu Section, Houlong Township, Miaoli County	2024.01.23 (Signing date)	\$462,281	Installment by agreement	Lixiong Co., Ltd., Zhongxin Co., Ltd.	Non-related party	-	-	-	-	1. Refer to the report of a professional real estate appraiser. 2. Negotiation by two parties.	Construction & Building	None
The Company	Land serial Nos. 142, 142-1, 142-2, 168, 168-1 and 168-2, Fendming Section, Yingge District, New Taipei City	2024.04.26 (Signing date)	\$1,234,232	Installment by agreement	Individual surnamed Wu and 11 other individuals	Non-related party	-	-	-	-	1. Refer to the report of a professional real estate appraiser. 2. Negotiation by two parties.	Construction & Building	None
The Company	Land serial Nos. 554, 557, and 559, Longfu Section, Houlong Township, Miaoli County	2024.06.12 (Signing date)	\$1,537,019	Installment by agreement	Individual surnamed Lin and 4 other individuals	Non-related party	-	-	-	-	1. Refer to the report of a professional real estate appraiser. 2. Negotiation by two parties.	Construction & Building	None

<Note 1> If the acquired assets are required to be appraised according to regulations, the appraisal result should be indicated in the "References for Determining Price" column.

<Note 2> The paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the per share par value is not NT\$10, the transaction amount subject to the requirement of 20% of the paid-in capital is calculated at 10% of the equity attributed to the owners of the parent company on the balance sheet.

<Note 3> The transaction date refers to the earlier of the transaction execution date, payment date, date of transaction by commission, date of transfer, date of board resolution, or any other date sufficient to determine the transaction parties and transaction amount.

Delpha Construction Co., Ltd. and Subsidiaries

Notes to unaudited consolidated financial statements (continued)

Table 4: Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction Terms Different From Regular Transactions <Note1>		Notes/Accounts Receivable (Payable)		Remark <Note2>
			Purchase /Sale	Amount	% to Total	Payment Term	Unit price	Credit period	Ending Balance	% to Total	
The Company	Huajian	Subsidiary	Purchase	\$1,723,412	28.53 % (Individual financial statements)	Installment payment in accordance with the contract	-	-	\$(844,961)	91.28%	Note 4
Huajian	The Company	Parent company	Sale	(1,791,834)	100% (Individual financial statements)	Payment collected as per the schedule in contracts	-	-	862,032	100%	Note 5

Note 1: If terms of related party transactions are different from general transactions, explain the differences and reasons in the 'Unit price' and 'Credit period' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the remark section the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: The amounts of purchases are calculated based on the estimate for each period.

Note 5: It is the construction revenue recognized in sales using the percentage of completion method.

Delpha Construction Co., Ltd. and Subsidiaries  
Notes to consolidated financial statements (continued)

Table 5: Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance <Note1>	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Huajian	The Company	Parent Company	\$862,032 <Note3>	-	\$-	-	\$259,509	\$-

<Note1> Please fill in the column according to the respective categories of accounts receivable from related parties, notes receivable, other receivables, etc.

<Note2> The paid-in capital refers to the paid-in capital of the parent company. If the issuer's stocks have no par value or a per-share par value of less than NTD 10, the 20% transaction amount rule regarding paid-in capital shall be calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

<Note3> Eliminated upon consolidation.

Delpha Construction Co., Ltd. and Subsidiaries  
Notes to unaudited consolidated financial statements (continued)

Table 6: Significant intercompany transactions between consolidated entities

(In Thousands of New Taiwan Dollars)

No. <Note1>	Company Name	Counter-party	Nature of Relationship <Note2>	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
1	Huajian	The Company	2	Contract assets	\$304,528	Note 4	1.09%
1	Huajian	The Company	2	Notes receivable and accounts receivable	862,032	Note 4	3.09%
1	Huajian	The Company	2	Operating revenue	1,791,834	Note 4	39.31%

Note 1: The numbers filled in represent:

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

Note 2: The following lists the three types of intercompany transactions (one transaction between parent company and subsidiary or between subsidiaries could be disclosed only once.)

- (1) Transactions from parent company to subsidiary is "1".
- (2) Transactions from subsidiary to parent company is "2".
- (3) Transactions between subsidiaries is "3".

Note 3: The percentage of transaction amount over consolidated total revenue or total asset is calculated based on:

- (1) Account balance at end of period over consolidated total assets if the transaction account belongs to balance sheet.
- (2) Accumulated interim amount over consolidated net revenue if the transaction account belongs to comprehensive income statement.

Note 4: The price of the construction works entrusted by the Company to the related parties is agreed upon by both parties, and the amount is paid in installments as per the contract.

Delpha Construction Co., Ltd. and Subsidiaries

Notes to unaudited consolidated financial statements (continued)

Table 7: Information on investees

Information on investees over which the Company has control or significant influence:

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Region	Main business and products	Original Investment Amount		Balance at The End of Period			Net Income (Loss) of The Investee	Share of Profits (Loss) of Investee	Remark
				September 30, 2024	December 31, 2023	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
The Company	Huachien	16F, No. 460, Section 5, Chenggong Road, Neihu District, Taipei City	Development, sales, and rental business	\$704,993	\$704,993	18,208	58.36%	\$314,102	\$(10,843)	\$(6,328)	
The Company	Huajian	16F, No. 460, Section 5, Chenggong Road, Neihu District, Taipei City	Construction business Development, sales, and rental business, and Wholesale of Building Materials	339,000	339,000	38,231	100.00%	306,770	917	(6,068)	

Delpha Construction Co., Ltd. and Subsidiaries

Notes to unaudited consolidated financial statements (continued)

Table 8: Information on major shareholders

Shareholdings of major shareholders of the Company as of September 30, 2024:

Unit: Thousand shares

Share	Total shares owned	Ownership percentage
Major shareholders		
Chia Chun Investment Co., Ltd.	267,223	31.81%
Da Shuo Investment Co., Ltd.	49,723	5.91%

Description: (1) The major shareholders information was from the date that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by the Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

(2) If the aforementioned data contains shares which were kept in trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to the Market Observation Post System.