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# Delpha Construction Co., Ltd.
## Parent Company Only Financial Statements
## For The Years Ended December 31, 2024 And 2023
## With Independent Auditor's Report

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*For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.*

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# Independent Auditors' Audit Report

To Delpha Construction Co., Ltd.

## Opinion

We have audited the accompanying parent company only balance sheets of Delpha Construction Co., Ltd. (the "Company") as of December 31, 2024 and 2023, and the related Parent Company Only Statements of Comprehensive Income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

## Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Valuation of inventories**

The inventories of Delpha Construction Co., Ltd. mainly consist of land held for construction site, construction in progress, and land and buildings held for sale. As of December 31, 2024, the net inventories of Delpha Construction Co., Ltd. was NT$23,604,063 thousand, representing approximately 84% of the total assets, which is significant to the parent company only financial statements. Additionally, due to the real estate development industry being susceptible to various factors such as policies, tax reform, and market conditions, the management faced a higher level of difficulty and risk in inventory valuation. We considered the valuation of inventories to be significant for the parent company only financial statements and have therefore determined this a key audit matter for this fiscal year.

Our audit procedures included (but were not limited to) evaluating the appropriateness of the accounting policies of inventory valuation; obtaining the net realizable value estimation data and investment return analysis for projects of Delpha Construction Co., Ltd. which included appraisal reports provided by professional institutions. We assessed the professional competence, qualification, and objectivity of the external experts appointed by the Company, and understood and evaluated the valuation methods and key assumptions and parameters used in the appraisal reports. For those not covered by professional institution appraisals, we selected samples to reference contracts of presold properties, researched recent actual transaction prices, and compared them with market transaction prices of similar properties in nearby areas (which included the real estate transaction price inquiry service from the Ministry of the Interior and real estate brokerage websites) to assess the reasonableness of the allowance for inventory losses. Additionally, we considered the appropriateness of the disclosures regarding inventory valuation in Notes 5 and 6 of the parent company only financial statements.

**Sales revenue and cost recognition**

Delpha Construction Co., Ltd. primarily engage in the business of commissioning construction contractors to build public residential housing and commercial buildings, which are then presold. As the revenue recognition from the sale of properties by Delpha Construction Co., Ltd. involves determining the point in time when control is transferred to the customer, and given that revenue from property sales constitutes a significant proportion of the operating revenue and has a substantial impact on the parent company only financial statements, we have determined this to be a key audit matter.

The audit procedures for the revenue recognition of property sales by Delpha Construction Co., Ltd. which included (but were not limited to) evaluating the appropriateness of the accounting policy of revenue recognition from property sales; understanding the revenue recognition process of the property transactions during the audit of internal controls and performing tests of control to confirm their effectiveness; selecting samples to perform test of details of transactions, as well as reviewing significant terms of property sale contracts to identify performance obligations; examining property transfer and handover documentation to confirm the completion of the transfer of ownership, while also verifying transaction terms and matching them with corresponding documents to ascertain the appropriateness of the timing of revenue recognition upon satisfaction of performance obligations through the transfer of control.

We also assessed whether Delpha Construction Co., Ltd. have appropriately disclosed information related to the revenue recognition from property sales in the parent company only financial statements, as detailed in Notes 4 and 6 of the parent company only financial statements.

**Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

**Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Auditing Standards of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2024 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Su-Wen

Huang, Chien-Che

Ernst & Young, Taiwan

March 26, 2025

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.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

| | | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|---|
| Code | Assets | Note | Amount | % | Amount | % |
| | Current assets | | | | | |
| 1100 | Cash and cash equivalents | 4.(5), 6.(1) | $844,854 | 3 | $1,065,780 | 5 |
| 1150 | Notes receivable, net | 4.(6), 6.(3), 7.(5) | 3,902 | - | 6,838 | - |
| 1170 | Accounts receivable, net | 4.(6), 6.(4) | 245,214 | 1 | 385,649 | 2 |
| 1200 | Other receivables | 4(6), 6(5) | 9,018 | - | - | - |
| 1220 | Current tax assets | | - | - | 421 | - |
| 130x | Inventories | 4.(8), 6.(6) | 23,604,063 | 84 | 19,197,265 | 84 |
| 1410 | Prepayments | | 305,670 | 1 | 318,720 | 1 |
| 1476 | Other current financial assets | 4.(6), 6.(8) | 1,736,147 | 6 | 666,511 | 3 |
| 1479 | Other current assets-others | | 13,158 | - | 5,009 | - |
| 1480 | Current assets recognized as incremental costs to obtain contract with customers | 4.(15), 6.(16) | 510,630 | 2 | 460,791 | 2 |
| 11xx | Total current assets | | 27,272,656 | 97 | 22,106,984 | 97 |
| | Non-current assets | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 4.(6), 6.(2) | 2,262 | - | 3,003 | - |
| 1550 | Investments accounted for using the equity method | 4.(9), 6.(7) | 646,335 | 3 | 633,268 | 3 |
| 1600 | Property, plant and equipment | 4.(10), 6.(9) | 55,875 | - | 54,981 | - |
| 1755 | Right-of-use assets | 4.(11), 6.(18) | 242 | - | 59 | - |
| 1780 | Intangible assets | 4(12), 6(10) | 2,208 | - | - | - |
| 1840 | Deferred tax assets | 4.(19), 6.(22) | 1,331 | - | 1,376 | - |
| 1915 | Prepayments for equipment | | - | - | 470 | - |
| 1920 | Guarantee deposits paid | | 11,825 | - | 7,525 | - |
| 1975 | Net defined benefit assets-non-current | 4.(18), 6.(13) | 8,398 | - | 7,135 | - |
| 1990 | Other non-current assets-others | | 5,552 | - | 5,552 | - |
| 15xx | Total non-current assets | | 734,028 | 3 | 713,369 | 3 |
| 1xxx | Total assets | | $28,006,684 | 100 | $22,820,353 | 100 |

(Please refer to the accompanying notes to the parent company only financial statements)

Delpha Construction Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS (Continued)
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

| | | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|---|
| Code | Liabilities and Equity | Note | Amount | % | Amount | % |
| | Current liabilities | | | | | |
| 2100 | Short-term borrowings | 4.(6), 4.(16), 6(11), 8 | $5,493,243 | 20 | $4,088,935 | 18 |
| 2130 | Current contract liabilities | 4.(15), 6.(16) | 3,539,646 | 13 | 2,143,844 | 10 |
| 2150 | Notes payable | 4.(6) | 60,966 | - | 84,430 | - |
| 2160 | Notes payable - Related parties | 4.(6), 7(6) | 368,220 | 1 | 290,086 | 1 |
| 2170 | Accounts payable | 4.(6) | 28,707 | - | 21,352 | - |
| 2180 | Accounts payable- Related parties | 4.(6), 7(7) | 573,919 | 2 | 465,250 | 2 |
| 2200 | Other payables | 4.(6) | 177,925 | 1 | 161,980 | 1 |
| 2230 | Current tax liabilities | 4(19), 6(22) | 343,858 | 1 | 89,426 | - |
| 2250 | Current provisions | 4.(14), 6.(14) | 834 | - | 831 | - |
| 2280 | Current lease liabilities | 4.(11), 6.(18) | 244 | - | 60 | - |
| 2310 | Advance receipts | | 157 | - | 194 | - |
| 2320 | Long-term borrowings, current portion | 4.(6), 4.(16), 6.(12), 8 | 4,971,780 | 18 | 3,992,055 | 18 |
| 2399 | Other current liabilities-others | | 43,513 | - | 52,614 | - |
| 21xx | Total current liabilities | | 15,603,012 | 56 | 11,391,057 | 50 |
| | Non-current liabilities | | | | | |
| 2540 | Long-term borrowings | 4.(6), 4.(16), 6.(12), 8 | 1,903,270 | 7 | 984,000 | 4 |
| 2645 | Guarantee deposits received | | 725 | - | 24 | - |
| 25xx | Total non-current liabilities | | 1,903,995 | 7 | 984,024 | 4 |
| 2xxx | Total liabilities | | 17,507,007 | 63 | 12,375,081 | 54 |
| | | | | | | |
| 31xx | Equity attributable to owners of parent | | | | | |
| 3100 | Common shares | 6(15) | | | | |
| 3110 | Ordinary shares | | 8,399,880 | 30 | 8,399,880 | 37 |
| 3200 | Capital surplus | 6(15) | 1,257,618 | 4 | 1,257,440 | 6 |
| 3300 | Retained earnings | 6(15) | | | | |
| 3310 | Legal reserve | | 450,661 | 2 | 275,584 | 1 |
| 3350 | Unappropriated retained earnings | | 391,146 | 1 | 511,255 | 2 |
| | Total retained earnings | | 841,807 | 3 | 786,839 | 3 |
| 3400 | Total other equity | | 372 | - | 1,113 | - |
| 3xxx | Total equity | | 10,499,677 | 37 | 10,445,272 | 46 |
| | Total liabilities and equity | | $28,006,684 | 100 | $22,820,353 | 100 |

(Please refer to the accompanying notes to the parent company only financial statements)

Delpha Construction Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

| Code | Item | Notes | For the year ended December 31, 2024 | | For the year ended December 31, 2023 | |
|---|---|---|---|---|---|---|
| | | | Amount | % | Amount | % |
| 4000 | Operating revenue | 4.(15), 6.(16),7(1) | $6,086,904 | 100 | $1,943,183 | 100 |
| 5000 | Operating costs | 6.(6),7(2) | (3,636,512) | (60) | (1,118,972) | (58) |
| 5900 | Gross profit from operating | | 2,450,392 | 40 | 824,211 | 42 |
| 6000 | Operating expenses | 7(4) | | | | |
| 6100 | Selling expenses | | (312,869) | (5) | (97,828) | (5) |
| 6200 | Administrative expenses | | (133,703) | (2) | (91,616) | (5) |
| 6450 | Expected credit losses | 4.(6), 6.(17) | (4,350) | - | - | - |
| | Total operating expenses | | (450,922) | (7) | (189,444) | (10) |
| 6900 | Net operating income | | 1,999,470 | 33 | 634,767 | 32 |
| 7000 | Non-operating income and expenses | | | | | |
| 7010 | Other income | 6(20) | 4,239 | - | 17,435 | 1 |
| 7100 | Interest income | 6(20) | 13,153 | - | 10,710 | 1 |
| 7020 | Other gains and losses | 6(20) | - | - | (3,147) | - |
| 7050 | Financial costs | 6(20) | (5) | - | (11) | - |
| 7070 | Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method | 4.(9) | 13,067 | 1 | (11,696) | (1) |
| | Total non-operating income and expenses | | 30,454 | 1 | 13,291 | 1 |
| 7900 | Profit before tax | | 2,029,924 | 34 | 648,058 | 33 |
| 7950 | Income tax expense | 4.(19), 6.(22) | (400,442) | (7) | (137,015) | (7) |
| 8200 | Net profit | | 1,629,482 | 27 | 511,043 | 26 |
| 8300 | Other comprehensive income | 4.(7), 6.(21) | | | | |
| 8310 | Components of other comprehensive income that will not be reclassified to profit or loss: | | | | | |
| 8311 | Remeasurements of defined benefit plans | | 1,176 | - | 212 | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | | (741) | - | 473 | - |
| | Total other comprehensive income, net of tax | | 435 | - | 685 | - |
| 8500 | Total comprehensive income | | $1,629,917 | 27 | $511,728 | 26 |
| | Earnings per share (in dollars) | 6(23) | | | | |
| 9750 | Basic earnings per share | | $1.94 | | $0.61 | |
| 9850 | Diluted earnings per share | | $1.94 | | $0.61 | |

(Please refer to the accompanying notes to the parent company only financial statements)

Delpha Construction Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

| Item | Ordinary shares | Capital surplus | Retained earnings: Legal reserve | Retained earnings: Unappropriated retained earnings (accumulated profit or loss) | Other equity interest items: Unrealized gain (loss) on financial assets at fair value through other comprehensive income | Total equity |
|---|---|---|---|---|---|---|
| Balance as of January 1, 2023 | $8,399,880 | $1,257,084 | $237,247 | $383,372 | $640 | $10,278,223 |
| Legal reserve appropriated | - | - | $38,337 | (38,337) | - | - |
| Cash divdends of ordinary share | - | - | - | (345,035) | - | (345,035) |
| Capital surplus transferred from unclaimed dividends | - | 356 | - | - | - | 356 |
| Net profit | - | - | - | 511,043 | - | 511,043 |
| Other comprehensive income | - | - | - | 212 | 473 | 685 |
| Total comprehensive income | - | - | - | 511,255 | 473 | 511,728 |
| Balance as of December 31, 2023 | $8,399,880 | $1,257,440 | $275,584 | $511,255 | $1,113 | $10,445,272 |
| | | | | | | |
| Balance as of January 1, 2024 | $8,399,880 | $1,257,440 | $275,584 | $511,255 | $1,113 | $10,445,272 |
| Legal reserve appropriated | - | - | 175,077 | (175,077) | - | - |
| Cash divdends of ordinary share | - | - | - | (1,575,690) | - | (1,575,690) |
| Capital surplus transferred from unclaimed dividends | - | 178 | - | - | - | 178 |
| Net profit | - | - | - | 1,629,482 | - | 1,629,482 |
| Other comprehensive income | - | - | - | 1,176 | (741) | 435 |
| Total comprehensive income | - | - | - | 1,630,658 | (741) | 1,629,917 |
| Balance as of December 31, 2024 | $8,399,880 | $1,257,618 | $450,661 | $391,146 | $372 | $10,499,677 |

(Please refer to the accompanying notes to the parent company only financial statements)

Delpha Construction Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

| Item | For the year ended December 31, 2024 Amount | For the year ended December 31, 2023 Amount |
|---|---|---|
| Cash flows from operating activities: | | |
| Profit before tax | $2,029,924 | $648,058 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 2,510 | 3,470 |
| Amortization expense | 303 | 212 |
| Expected credit losses | 4,350 | - |
| Interest income | (13,153) | (10,710) |
| Dividend income | (1,553) | (1,393) |
| Interest expense | 5 | 11 |
| Share of losses of subsidiaries, associates, and joint ventures accounted for using the equity method | (13,067) | 11,696 |
| Loss on disposal of property, plant and equipment | 9 | - |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in notes receivable | 2,936 | (1,113) |
| Decrease (increase) in accounts receivable | 136,085 | (385,349) |
| Decrease (increase) in other receivables | (9,018) | - |
| Decrease (increase) in inventories | (4,124,198) | (3,573,216) |
| Decrease (increase) in prepayments | 12,747 | (100,634) |
| Decrease (increase) in other financial assets | (1,069,636) | 117,936 |
| Decrease (increase) in other current assets | (8,149) | (4,059) |
| Decrease (increase) in net defined benefit assets | (87) | (88) |
| Decrease (increase) in assets recognized as incremental costs to obtain contract with customers | (49,839) | (291,024) |
| Increase (decrease) in contract liabilities | 1,395,802 | 1,194,879 |
| Increase (decrease) in notes payable | (23,464) | 65,270 |
| Increase (decrease) in notes payable- Related parties | 78,134 | 165,330 |
| Increase (decrease) in accounts payable- Related parties | 108,669 | 465,250 |
| Increase (decrease) in accounts payable | 7,355 | (16,361) |
| Increase (decrease) in other payables | 12,594 | 82,926 |
| Increase (decrease) in provisions | 3 | (149) |
| Increase (decrease) in receipts in advance | (37) | (963) |
| Increase (decrease) in other current liabilities | (9,101) | 47,742 |
| Other adjustments to reconcile loss | - | (5) |
| Cash outflow generated from operations | (1,529,876) | (1,582,284) |
| Interest received | 13,153 | 10,710 |
| Interest paid | (279,250) | (217,244) |
| Dividends received | 1,553 | 8,224 |
| Income taxes refund (paid) | (145,544) | (903) |
| Net cash flows used in operating activities | (1,939,964) | (1,781,497) |
| Cash flows from investing activities: | | |
| Acquisition of property, plant and equipment | (3,305) | (564) |
| Acquisition of intangible assets | (2,208) | - |
| Decrease (increase) in guarantee deposits paid | (4,300) | 20,742 |
| Decrease (increase) in prepayments for equipment | 470 | (470) |
| Net cash flows (used in) from investing activities | (9,343) | 19,708 |
| Cash flows from financing activities: | | |
| Increase (decrease) in short-term borrowings | 1,404,308 | 504,935 |
| Proceeds from long-term borrowings | 2,025,395 | 884,000 |
| Repayment of long-term borrowings | (126,400) | (25,000) |
| Increase (decrease) in guarantee deposits received | 701 | (1,891) |
| Repayments of lease liabilities | (111) | (358) |
| Cash dividends paid | (1,575,690) | (345,035) |
| Other financing activities | 178 | 356 |
| Net cash flows from financing activities | 1,728,381 | 1,017,007 |
| Net decrease in cash and cash equivalents | (220,926) | (744,782) |
| Cash and cash equivalents at the beginning of period | 1,065,780 | 1,810,562 |
| Cash and cash equivalents at the end of period | $844,854 | $1,065,780 |

(Please refer to the accompanying notes to the parent company only financial statements)

Delpha Construction Co., Ltd

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

## 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 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., Nehu Dist., Taipei City.

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

The parent company only financial statements for the years ended December 31, 2024 and 2023 were authorized for issue by the Board of Directors on March 26, 2025.

## 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 Company 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, 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which have been endorsed by FSC, and not yet adopted by the Company 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 abovementioned amendments are applicable for annual periods beginning on or after January 1, 2025 and have no material impact on the Company.

(3) Standards or interpretations issued, revised, or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Company 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 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 |
| g | Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 | January 1, 2026 |

(a) IFRS 10 "Consolidated Financial Statements" and 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 fulfilment 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 it was 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 new 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 grouping 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 of IFRS 10.

(6) Amendments to IAS 7

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

(g) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

(1) Clarify the application of the 'own-use' requirements.
(2) Permit hedge accounting if these contracts are used as hedging instruments.
(3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company 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 Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

## 4. Summary of significant accounting policies information

### (1) Statement of compliance

The parent Company only financial statements of the Company for the years ended December 31, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepares parent company only financial reports based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers. According to provisions of Article 21, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity attributable to owners of the parent presented in financial reports prepared on a consolidated basis. Therefore, the investments of subsidiaries are expressed as "investment using the equity method" and adjusted for necessary evaluation.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are express in thousands of New Taiwan Dollars ("NTD") unless otherwise specified.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The Company engages in the development of public housings by commissioning construction building companies and the sales of residential and commercial buildings. The operating cycle is longer than 1 year (generally 3 years). Therefore, the classification of current and non-current assets and liabilities related to construction business is based on operating cycle.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

A. Financial assets: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) The Company's business model for managing the financial assets and
(b) The contractual cash flow characteristics of the financial asset.

*Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

*Financial assets measured at fair value through other comprehensive income*

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

*Financial asset measured at fair value through profit or loss*

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) The time value of money; and
(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial "Financial Instruments".

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 "Financial Instruments" are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as of fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) It is acquired, or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

(1) It eliminates or significantly reduces a measurement or recognition inconsistency; or
(2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

*Financial liabilities at amortized cost*

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. <u>Offsetting of financial assets and financial liabilities</u>

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Fair value measurement

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(8) Inventories

Inventories are stated at acquisition or construction costs. The allocation of construction cost to land and buildings sold and unsold is based on relative price or size of land. The interests paid prior to the completion of construction projects are capitalized as cost of inventories in accordance with IFRS 23 “Borrowing Costs”.

Inventories are valued at lower of cost and net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Abnormal spoilage of inventories, losses on inventory valuation and obsolescence, and gains from price recovery should be recognized in the period incurred. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Company acquires specific rights of superficies and land-use rights for its future development on lands. These rights on land meet the definitions of inventories in Paragraphs 6 and 8 in IAS2, Inventories. Therefore, the royalties for registration of superficies are recognized as construction costs and will be transferred to operating cost based on the ratio of area sold to total area when the construction is completed. The rent expenses after establishment of superficies, are deemed as necessary expenses incurred for the establishment and shall be recognized as expenses in the period incurred, no matter they incur in the construction periods or operation periods.

The Company’s contract incremental cost is the commission generated by entering into the presold house contracts. When the customers enter into the presold contract, the Company has not fulfilled the performance obligation because the goods promised have not been transferred to the customer. According IFRS 15, the sales commission is the incremental cost of concluding the presold house contract. When the performance obligation is met by transferring the house to the customer, the incremental cost of concluding the contract is amortized.

(9) Investments accounted for using the equity method

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the interests of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Company’s interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 “Investments in Associates and Joint Ventures”. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the ‘share of profit or loss of an associate’ in the statement of comprehensive income in accordance with IAS 36 “Impairment of Assets”. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds on the ultimate disposal of the investment; or

(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

The investment in a subsidiary is presented according to “Rule Governing the Preparation of Financial Statements 21 by Securities Issuers”. Therefore, profit for the year and other comprehensive income for the year reported in the parent company only financial statements, shall be equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements. According to IFRS 10 — The parent only Financial Statements , agreeing with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

(10) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

| | |
|---|---|
| Buildings | 5 to 50 years |
| Transportation equipment | 5~8 years |
| Office equipment | 3 to 5 years |
| Other equipment | 5~8 years |
| Leasehold improvements | The shorter of lease terms or economic useful lives |

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) The right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of a lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
(c) Amounts expected to be payable by the lessee under residual value guarantees;
(d) The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) The amount of the initial measurement of the lease liability;
(b) Any lease payments made at or before the commencement date, less any lease incentives received;
(c) Any initial direct costs incurred by the lessee; and
(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(12) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 years).

(13) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(14) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

(15) Revenue recognition

The Company’s revenue arising from contracts with customers are primarily related to sale of land and buildings. The accounting policies are explained as follows:

The Company constructs and sells residential and commercial buildings by presales. Sales are recognized when control of the assets is transferred to the customers. The assets, subject to the restrictions prescribed in the presale contracts, are not under control of the Company. However, the Company has the legally enforceable right to payment only after the transfer of the ownership to the customers. Therefore, the Company recognizes revenue when the transfer of the ownership is completed and receive payments from customers based on the fixed consideration contract terms, for which the customers make fixed payments according to agreed schedules. Consideration received (or will be received) from customers prior to the Company having satisfied its performance obligations are accounted for as contract liabilities.

Where the contract explicitly or implicitly contains a financing component which provided a significant financial benefit to customs or the Company, the Company adjusts the transaction price to reflect the time value of money. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component.

The Company recognizes the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer as an asset if the Company expects to recover those costs. The assets are amortized on a systematic basis that is consistent with the Company's revenue recognition. The Company recognizes an impairment loss to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive less the cost that have not been recognized as expenses. The incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the assets is less than one year.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where The Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(18) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the parent company only financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan, and recognizes expenses in the period.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) The date of the plan amendment or curtailment, and
(b) The date that the Company recognizes restructuring-related costs or termination benefit.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business entity; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business entity; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

(20) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the entity transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill arising from a business combination is allocated from the acquisition date to each of the cash-generating units of the group that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are attributed to those cash-generating units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

## 5. Significant accounting judgements, estimates and assumptions

The preparation of the parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgement and estimates to determine the net realizable value of inventory at the end of each reporting period. The Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumption of future demand within a specific time horizon and therefore could result in significant changes. Please refer to Note 6 for more details.

(2) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(3) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(4) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

## 6. Description of Significant Account Titles

### (1) Cash and cash equivalents

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Cash on hand and working capital | $160 | $160 |
| Check deposits and demand deposits | 844,694 | 1,065,620 |
| Total | $884,854 | $1,065,780 |

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

| Item | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|
| Equity instrument investments measured at fair value through other comprehensive income | | |
| Unlisted stocks | $2,262 | $3,003 |
| | | |
| Current | $- | $- |
| Non-current | 2,262 | 3,003 |
| Total | $2,262 | $3,003 |

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

(3) Notes receivable

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Notes receivable arising from operating activities | $3,902 | $6,838 |
| Notes receivable arising from non-operating activities | - | - |
| Subtotal (total carrying amount) | 3,902 | 6,838 |
| Less: loss allowance | - | - |
| Total | $3,902 | $6,838 |

Notes receivable were not pledged.

The Company 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 | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Accounts receivable | $249,564 | $385,649 |
| Less: loss allowance | (4,350) | - |
| Subtotal | 245,214 | 385,649 |
| Accounts receivable from related parties | - | - |
| Less: loss allowance | - | - |
| Subtotal | - | - |
| Total | $245,214 | $385,649 |

Accounts receivable were not pledged.

The Company uses a simplified approach to estimate the 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 December 31, 2024 and 2023, please refer to Notes 6. (17). For information related to credit risk, please refer to Note 12.

(5) Other receivables

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Other receivables | $25,263 | $16,245 |
| Less: loss allowance | (16,245) | (16,245) |
| Total | $9,018 | $- |

For the Company's allowance for credit losses information as of December 31, 2024 and 2023, please refer to Notes 6. (17); for information related to credit risk, please refer to Note 12.

(6) Inventories

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Land and buildings held for sale | $271,343 | $1,017,975 |
| Land held for construction site and construction in progress | 23,587,273 | 18,396,810 |
| Land held for floor-area-ratio transfer | 20,513 | 124,667 |
| Prepayment for land purchases | 103,404 | 36,283 |
| Less: Allowance for inventory valuation loss | (378,470) | (378,470) |
| Total | $23,604,063 | $19,197,265 |

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

| | As of | |
|---|---|---|
| Project name | December 31, 2024 | December 31, 2023 |
| Delpha Dream House A | $1,762 | $1,762 |
| Delpha Living’s Home A | 1,192 | 1,192 |
| Athens Era A | 456 | 456 |
| Athens Era B | 1,722 | 1,722 |
| Shitan Section Case A | 63,527 | 63,527 |
| Xinbi Section Case A | 78,068 | 949,316 |
| Xinzhan Section | 124,616 | - |
| Total | $271,343 | $1,017,975 |

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

| Project name | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|
| Shulin Case | $198,192 | $198,192 |
| Delpha Living's Home B | 9,153 | 9,153 |
| Xindian He Feng Case | 632,155 | 632,155 |
| Fu De Section Case B | 423 | 423 |
| Xinguang Road Case B | 2,217 | 2,217 |
| Huaisheng Urban Renewal Project | 1,469,976 | 1,469,495 |
| Yun He Jie Case B | 1,712 | 1,712 |
| Wenlin N. Road Case | 494,890 | 494,890 |
| Xinbi Section Case B | 1,027,723 | 870,159 |
| Lejie Section Case A | - | 1,022,070 |
| Lejie Section Case B | 736,727 | 629,022 |
| Lejie Section Case C | 1,150,557 | 943,172 |
| Qingxi Section Case A | - | 625,226 |
| Qingxi Section Case B | 2,121,967 | 1,797,442 |
| Shanjie Section | 902,378 | 662,069 |
| Xinzhan Section | - | 491,056 |
| Wuri New High-Speed Railway Section | 7,694,595 | 6,131,743 |
| Qing'an Section | 998,042 | 749,335 |
| Sanzuowu Section | 533,083 | 424,316 |
| Fuxi Section | 338,750 | 275,918 |
| Yi Qing Section | 1,044,055 | 967,045 |
| Longfu Section Case A | 468,177 | - |
| Longfu Section Case B | 160,663 | - |
| Longfu Section Case C | 1,538,163 | - |
| Longyi Section Case A | 243,901 | - |
| Longyi Section Case B | 209,944 | - |
| Fengming Section Case A | 904,104 | - |
| Fengming Section Case B | 705,726 | - |
| Total | $23,587,273 | $18,396,810 |

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

| Project name | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|
| Zheng Ying Section | $261 | $261 |
| Lejie Section Case C | 18,991 | 82,060 |
| Yisin Section Case | 1,261 | 42,346 |
| Total | $20,513 | $124,667 |

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

| Project name | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|
| Lejie Section Case C | $- | $34,171 |
| Yisin Section Case | - | 2,112 |
| Longyi Section Case B | 53,404 | - |
| Longyi Section Case C | 50,000 | - |
| Total | $103,404 | $36,283 |

E. The capitalized amounts of interest on land held for construction site and construction in progress for the years ended December 31, 2024 and 2023, were $282,600 thousand, and $219,179 thousand, respectively, with capitalized interest rates of 2.72%, and 2.52%, respectively.

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

G. Cost incurred on inventories for the years ended December 31, 2024 and 2023 are as follows:

| | For the years ended December 31, 2024 | For the years ended December 31, 2023 |
|---|---|---|
| Cost of selling land and buildings | $3,636,512 | $1,099,437 |
| Inventory valuation losses | - | - |
| Total | $3,636,512 | $1,099,437 |

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) Investments accounted for using the equity method

A. The following table lists the investments accounted for using the equity method of the Company:

| Investees | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Carrying amount | Percentage of ownership(%) | Carrying amount | Percentage of ownership(%) |
| Investments in subsidiaries: | | | | |
| Huachien Development Co., Ltd. | $310,536 | 58.36% | $320,430 | 58.36% |
| Huajian Construction Co., Ltd. | 335,799 | 100.00% | 312,838 | 100.00% |
| Total | $646,335 | | $633,268 | |

B. Investments in subsidiaries:

Investments in subsidiaries were accounted for using the equity method when preparing the parent company only financial statements. The differences of accounting treatment are adjusted.

(8) Other current financial assets

| Items | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|
| Bank deposits | $1,736,147 | $666,511 |
| | | |
| Current | $1,736,147 | $666,511 |
| Non-current | - | - |
| Total | $1,736,147 | $666,511 |

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.

(9) Property, plant and equipment

| | Land | Buildings | Transportation equipment | Office equipment | Leasehold Improvements | Others | Total |
|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | |
| As of January 1, 2024 | $36,006 | $35,623 | $2,257 | $8,845 | $1,851 | $370 | $84,952 |
| Additions | - | 1,100 | - | 2,205 | - | - | 3,305 |
| Disposal and scrap | - | - | - | (53) | - | - | (53) |
| Transfer | - | - | - | (476) | - | - | (476) |
| As of December 31, 2024 | $36,006 | $36,723 | $2,257 | $10,521 | $1,851 | $370 | $87,728 |
| | | | | | | | |
| As of January 1, 2023 | $36,006 | $35,872 | $2,257 | $8,772 | $1,851 | $257 | $85,015 |
| Additions | - | - | - | 451 | - | 113 | 564 |
| Disposal and scrap | - | (249) | - | - | - | - | (249) |
| Transfer | - | - | - | (378) | - | - | (378) |
| As of December 31, 2023 | $36,006 | $35,623 | $2,257 | $8,845 | $1,851 | $370 | $84,952 |
| | | | | | | | |
| Depreciation and impairment: | | | | | | | |
| As of January 1, 2024 | $- | $19,807 | $1,104 | $7,219 | $1,593 | $248 | $29,971 |
| Depreciation | - | 756 | 303 | 1,063 | 258 | 22 | 2,402 |
| Disposal and scrap | - | - | - | (44) | - | - | (44) |
| Transfer | - | - | - | (476) | - | - | (476) |
| As of December 31, 2024 | $- | $20,563 | $1,407 | $7,762 | $1,851 | $270 | $31,853 |
| | | | | | | | |
| As of January 1, 2023 | $- | $18,827 | $761 | $6,688 | $976 | $229 | $27,481 |
| Depreciation | - | 1,229 | 343 | 909 | 617 | 19 | 3,117 |
| Disposal and scrap | - | (249) | - | - | - | - | (249) |
| Transfer | - | - | - | (378) | - | - | (378) |
| As of December 31, 2023 | $- | $19,807 | $1,104 | $7,219 | $1,593 | $248 | $29,971 |
| | | | | | | | |
| Net carrying amount as of | | | | | | | |
| December 31, 2024 | $36,006 | $16,160 | $850 | $2,759 | $- | $100 | $55,875 |
| December 31, 2023 | $36,006 | $15,816 | $1,153 | $1,626 | $258 | $122 | $54,981 |

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

(10) Intangible assets

| | Computer software | Total |
|---|---|---|
| Cost: | | |
| As of January 1, 2024 | $- | $- |
| Addition-acquired separately | 2,208 | 2,208 |
| As of December 31, 2024 | $2,208 | $2,208 |
| As of January 1, 2023 | $- | $- |
| Addition-acquired separately | - | - |
| As of December 31, 2023 | $- | $- |
| Amortization and impairment: | | |
| As of January 1, 2024 | $- | $- |
| Amortization | - | - |
| As of December 31, 2024 | $- | $- |
| As of January 1, 2023 | $- | $- |
| Amortization | - | - |
| As of December 31, 2023 | $- | $- |
| | | |
| Net carrying amount: | | |
| As of December 31, 2024 | $2,208 | $2,208 |
| As of December 31, 2023 | $- | $- |

(11) Short-term borrowings

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Unsecured bank borrowings | $1,792,123 | $383,000 |
| Secured bank borrowings | 3,701,120 | 3,705,935 |
| Total | $5,493,243 | $4,088,935 |
| Range of interest rates | 2.49%~3.15% | 2.36%~3.12% |

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

(12) Long-term borrowings

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

| Type | As of December 31, 2024 | Interest Rate (%) | Maturity date and terms of repayment |
|---|---|---|---|
| Long-term secured borrowings | $6,520,050 | 2.56%~3.50% | Effective May 2021 to August 2029, repayments on due day. |
| Long-term Unsecured borrowings | 355,000 | | |
| Less: current portion | (4,971,780) | | |
| Total | $1,903,270 | | |

| Type | As of December 31, 2023 | Interest Rate (%) | Maturity date and terms of repayment |
|---|---|---|---|
| Long-term secured borrowings | $4,976,055 | 2.43%~2.86% | Effective May 2021 to November 2027, repayments on due day. |
| Less: current portion | (3,992,055) | | |
| Total | $984,000 | | |

The unused total borrowing limits of the Company as of December 31, 2024 and 2023 were approximately $5,156,287 thousand and $4,887,260 thousand, respectively.

(13) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2024 and 2023 were NT$1,944 and NT$1,913, respectively.

Defined Benefit Plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last six month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$0 thousand to its defined benefit plan as of December 31, 2024.

As of December 31, 2024 and 2023, the Company's defined benefit plans are both expected to expire in 2032.

Defined benefit plan costs recognized in profit or loss are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Current service cost | $- | $- |
| Net interest of net defined benefit assets | (87) | (88) |
| Total | $(87) | $(88) |

Reconciliations of assets of the defined benefit obligation and plan assets at fair value are as follows:

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Present value of a defined benefit obligation | $13,793 | $12,787 |
| Plan assets at fair value | (22,191) | (19,922) |
| Net defined benefit assets-non-current | $(8,398) | $(7,135) |

Reconciliations of the net defined benefit plan liabilities (assets):

| | Defined benefit obligation | Plan assets at fair value | Net defined benefit liabilities (assets) |
|---|---|---|---|
| As of January 1, 2023 | $17,337 | $(24,172) | $(6,835) |
| Interest expenses (income) | 224 | (312) | (88) |
| Subtotal | 17,561 | (24,484) | (6,923) |
| Remeasurement of defined benefit liability/asset: | | | |
| Actuarial gains and losses from changes in financial assumptions | 96 | - | 96 |
| Experience adjustments | (203) | - | (203) |
| Remeasurement of defined benefit asset | - | (105) | (105) |
| Subtotal | (107) | (105) | (212) |
| Payments from the plan | (4,667) | 4,667 | - |
| As of December 31, 2023 | $12,787 | $(19,922) | $(7,135) |
| Interest expenses (income) | 155 | (242) | (87) |
| Subtotal | 12,942 | (20,164) | (7,222) |
| Remeasurement of defined benefit liability/asset: | | | |
| Actuarial gains and losses from changes in financial assumptions | 683 | - | 683 |
| Experience adjustments | 168 | - | 168 |
| Remeasurement of defined benefit asset | - | (2,027) | (2,027) |
| Subtotal | 851 | (2,027) | (1,176) |
| As of December 31, 2024 | $13,793 | $(22,191) | $(8,398) |

The principal assumptions used in determining the Company’s defined benefit plan are shown below:

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Discount rate | 1.58% | 1.21% |
| Expected rate of salary increases | 4.00% | 3.00% |
| Expected long-term rate of return on defined benefit plan assets | 1.58% | 1.21% |

Sensitivity analysis for significant actuarial assumptions is shown below:

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Defined benefits obligation increase | Defined benefits obligation decrease | Defined benefits obligation increase | Defined benefits obligation decrease |
| Discount rate increases by 0.5% | $- | $561 | $- | $586 |
| Discount rate decreases by 0.5% | 595 | - | 622 | - |
| Future salary increases by 0.5% | 578 | - | 608 | - |
| Future salary decreases by 0.5% | - | 551 | - | 579 |

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actuarial change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(14) Provisions

| | Provisions for employee benefits |
|---|---|
| As of January 1, 2024 | $831 |
| Arising during the period | 834 |
| Utilized during the period | (831) |
| As of December 31, 2024 | $834 |
| | |
| As of January 1, 2023 | $980 |
| Arising during the period | 831 |
| Utilized during the period | (980) |
| As of December 31, 2023 | $831 |
| | |
| Current－ As of December 31, 2024 | $834 |
| Non-current－ As of December 31, 2024 | - |
| As of December 31, 2024 | $834 |
| | |
| Current－As of December 31, 2023 | $831 |
| Non-current－As of December 31, 2023 | - |
| As of December 31, 2023 | $831 |

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) Equity

A. Common shares

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

B. Capital surplus

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

According to the Company Act, the capital surplus 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:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. 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 paid-in 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 serve 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 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 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 November 12, 2024, August 13, 2024, May 10, 2024, and March 29, 2024, to allocate and distribute the earnings for the third quarter of 2024, 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:

| | Appropriation of earnings | Dividend per share (NT$) |
|---|---|---|
| | Third quarter of 2024 | Third quarter of 2024 |
| Legal reserve | $52,824 | $- |
| Common stock - cash dividend | 483,706 | 0.57584926 |

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

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

| | Appropriation of earnings | Dividend per share (NT$) |
|---|---|---|
| | Fourth quarter of 2023 | Fourth quarter of 2023 |
| 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:

| | For the years ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| 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.

(16) Operating revenue

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Revenue from contracts with customers | | |
| Revenue from sales of buildings | $3,035,423 | $671,977 |
| Revenue from sales of land | 3,051,040 | 1,269,375 |
| Subtotal | 6,086,463 | 1,941,352 |
| Rental revenue | 441 | 1,831 |
| Total | $6,086,904 | $1,943,183 |

Analysis of revenue from contracts in the Company's with customers for the years ended December 31, 2024 and 2023 are as follows:

A. Disaggregation of revenue

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Sales of land and buildings | $6,086,463 | $1,941,352 |
| Rental revenue | 441 | 1,831 |
| Total | $6,086,904 | $1,943,183 |
| Timing of revenue recognition: | | |
| At a point in time | $6,086,463 | $1,941,352 |
| Over time | 441 | 1,831 |
| Total | $6,086,904 | $1,943,183 |

B. Balances of contract liabilities

Contract liabilities - current

| | As of | | |
|---|---|---|---|
| | December 31, 2024 | December 31, 2023 | January 1, 2023 |
| Sales of land and buildings | $3,539,646 | $2,143,844 | $948,965 |

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2024 and 2023 are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| The opening balance transferred to revenue | $(847,493) | $(352,825) |
| Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period) | 2,245,305 | 1,574,014 |
| Refund from contract cancellation | (2,010) | (26,310) |
| Total | $1,395,802 | $1,194,879 |

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

Current assets recognized as incremental costs to obtain contract with customers

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Sales of land and buildings | $510,630 | $460,791 |

(17) Expected credit losses

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Operating expenses – expected credit losses | | |
| Notes receivable | $- | $- |
| Accounts receivable | 4,350 | - |
| Subtotal | 4,350 | - |
| Non-operating income and expenses – expected credit losses | - | - |
| Other receivables | - | - |
| Total | $4,350 | $- |

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

The Company 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 Company's loss allowance as of December 31, 2024 and 2023 are as follows:

A. The Company 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 Company, we do not differentiate between subgroups. Details are as follows:

As of December 31, 2024

| | | Overdue | | | | |
|---|---|---|---|---|---|---|
| | Not yet due | <=90 days | 91-180 days | 181-365 days | >365 days | Total |
| Gross carrying amount | $249,116 | $- | $- | $- | $4,350 | $253,466 |
| Loss rate | -% | -% | -% | -% | 100% | |
| Lifetime expected credit losses | - | - | - | - | (4,350) | (4,350) |
| Subtotal | $249,116 | $- | $- | $- | $- | $249,116 |

As of December 31, 2023

| | Not yet due | Overdue <=90 days | Overdue 91-180 days | Overdue 181-365 days | Overdue >365 days | Total |
|---|---|---|---|---|---|---|
| Gross carrying amount | $392,487 | $- | $- | $- | $- | $392,487 |
| Loss rate | -% | -% | -% | -% | -% | |
| Lifetime expected credit losses | - | - | - | - | - | - |
| Subtotal | $392,487 | $- | $- | $- | $- | $392,487 |

B. The movement in the provision for impairment of notes receivable, accounts receivable and other receivables for the years ended December 31, 2024 and 2023 are as follows:

| | Other receivables | Notes receivable | Accounts receivable |
|---|---|---|---|
| As of January 1, 2024 | $16,245 | $- | $- |
| Addition/(reversal) during the period | - | - | 4,350 |
| As of December 31, 2024 | $16,245 | $- | $4,350 |
| As of January 1, 2023 | $16,245 | $- | $- |
| Addition/(reversal) during the period | - | - | - |
| As of December 31, 2023 | $16,245 | $- | $- |

(18) Leases

A. Company as a lessee

The Company leases various properties, including real estate such as land and buildings. The lease terms range 1 year. 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 Company'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 December 31, 2024 | As of December 31, 2023 |
|---|---|---|
| Buildings | $- | $59 |
| Office equipment | 242 | - |
| Total | $242 | $59 |

For the years ended December 31, 2024 and 2023, the Company's additions to right-of-use assets amounting to $291 thousand and $0 thousand, respectively.

b. Lease liabilities

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Leases liabilities | $244 | $60 |
| Current | $244 | $60 |
| Non-current | - | - |

Please refer to Note 6. (20)(d) for the interest on lease liabilities recognized for the years ended December 31, 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 comprehensive income

Depreciation expenses of right-of-use assets

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Buildings | $108 | $353 |

(C) Income and expenses relating to leasing activities

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| The expenses relating to short-term leases | $645 | $335 |
| The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets) | 510 | 334 |

(D) Cash outflow relating to leasing activities

For the years ended December 31, 2024 and 2023, the Company's total cash outflows for leases amounting to NT$1,266 thousand and NT$1,027 thousand, respectively.

B. Company as a lessor

Please refer to Note 6. (9) for details on the Company's owned property, plant and equipment (buildings). The Company has entered into leases on certain equipment with lease terms range from three months to three 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.

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Lease income for operating leases | | |
| Income relating to fix payments | $441 | $1,831 |

Please refer to Note 6. (9) for relevant disclosure of property, plant and equipment (buildings) for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2024 are as follows:

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Not later than one year | $2,011 | $158 |
| Later than one year but not later than two years | 1,483 | 34 |
| Later than two years but not later than three years | - | 25 |
| 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 | $3,494 | $217 |

(19) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2024 and 2023:

| Function / Description | For the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Operating costs | Operating expenses | Total Amount | Operating costs | Operating expenses | Total Amount |
| Employee benefits expense | | | | | | |
| Salaries and wages | $186 | $62,425 | $62,611 | $117 | $48,288 | $48,405 |
| Labor and health insurance | - | 3,858 | 3,858 | - | 3,695 | 3,695 |
| Pension | - | 1,857 | 1,857 | - | 1,689 | 1,689 |
| Other employee benefits expense | - | 5,492 | 5,492 | - | 2,558 | 2,558 |
| Remuneration to directors | - | 5,669 | 5,669 | - | 6,625 | 6,625 |
| Depreciation | - | 2,510 | 2,510 | - | 3,470 | 3,470 |
| Amortization | - | 303 | 303 | - | 212 | 212 |

Additional information regarding the number of employees and the amount of employee benefits expenses for the Company for the years ended December 31, 2024 and 2023 are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Number of employees | 48 | 43 |
| Number of Directors not Serving as Employees | 7 | 7 |
| Average Employees’ Benefits Expense | 1,800 | $1,565 |
| Average Employees’ Salaries | 1,527 | 1,345 |
| Adjustments to Average Employees’ Salary Expenses | 13.53% | (8.19%) |
| Supervisors' Remuneration (Note) | $- | $- |

Note: The Company has established the Audit Committee in replacement of supervisors.

According to the Articles of Incorporation, no lower than 0.5% of the net profit of the current year is distributable as employees’ compensation and no higher than 2% of the net profit of the current year is distributable as remuneration to directors. In addition to basic salaries, the Company provides bonuses based on operational performance to motivate and to retain outstanding employees. Annual salary adjustments are based on employees' job grades and performance evaluations, and are benchmarked against industry salary levels. The Company may provide a monthly remuneration to its directors, which is deliberated by the Remuneration Committee and determined by the Board of Directors. The remuneration of the Company's managers is determined by the Board of Directors after deliberation by the Company's Remuneration Committee. The remuneration of the managers is determined by the Board of Directors in accordance with the statutory procedures set forth in the Company's Remuneration Committee bylaws. 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 year ended December 31, 2024, the Company’s compensation to employees and directors remuneration were determined based on profit in the amount of $20,484 thousand and $1,999 thousand, respectively. For the year ended December 31, 2023, the Company’s compensation to employees and directors remuneration were determined based on profit in the amount of $3,333 thousand and $2,800 thousand, respectively.

A resolution was passed at the Board of Directors held on March 29, 2024 to distribute $3,333 thousand and $1,999 thousand in cash as employees' compensation and remuneration to directors of 2023, respectively. The difference between the amount resolved and the amount recorded as expenses in the financial statements for the year ended 2023 resulted from the estimation changes of a reduction of $801 thousand. This amount is recognized in profit or loss of the subsequent year in 2024.

(20) Non-operating income and expenses

(a) Other income

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Dividend income | $1,553 | $1,393 |
| Income from name change fees | 1,114 | 236 |
| Default income | - | 13,379 |
| Others | 1,572 | 2,427 |
| Total | $4,239 | $17,435 |

(b) Interest income

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Interest on bank deposits | $13,153 | $10,707 |
| Other interest income | - | 3 |
| Total | $13,153 | $10,710 |

(c) Other gains and losses

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Foreign exchange losses (gains), net | $9 | $97 |
| Lease contract modification benefits | - | 5 |
| Increase in construction contract | - | (3,249) |
| Loss on disposal of property, plant and equipment | (9) | - |
| Total | $- | $(3,147) |

(d) Finance costs

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Interest on borrowings from bank | $282,600 | $219,179 |
| Less: Capitalized interests | (282,600) | (219,179) |
| Interest on lease liabilities | 5 | 11 |
| Total | $5 | $11 |

## (21) Components of other comprehensive income

For the year ended December 31, 2024

| | 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: | | | | | |
| Remeasurements of defined benefit plans | $1,176 | $- | $1,176 | $- | $1,176 |
| Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income | (741) | - | (741) | - | (741) |
| Total | $435 | $- | $435 | $- | $435 |

For the year ended December 31, 2023

| | 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: | | | | | |
| Remeasurements of defined benefit plans | $212 | $- | $212 | $- | $212 |
| Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income | 473 | - | 473 | - | 473 |
| Total | $685 | $- | $685 | $- | $685 |

## (22) Income tax

The major components of income tax expense (income) for the years ended December 31, 2024 and 2023 are as follows:

Income tax expense recognized in profit or loss

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Current income tax expense: | | |
| Current income tax charge | $390,397 | $90,482 |
| Land value increment tax | 10,000 | 21 |
| Deferred tax expense: | | |
| Deferred tax expense relating to origination and reversal of temporary differences | 45 | 46,512 |
| Total income tax expense | $400,442 | $137,015 |

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Accounting profit before tax from continuing operations | $2,029,924 | $648,058 |
| Tax at the domestic rates applicable to profits in the country concerned | 405,985 | 129,611 |
| Land value increment tax | 10,000 | 21 |
| Tax effect of revenues exempt from taxation | (12,797) | 6,635 |
| Tax effect of expenses not deductible for tax purposes | 476 | (3,836) |
| Changes in unrecognized temporary differences | (3,549) | 4,584 |
| Corporate income surtax on undistributed retained earnings (2024 & 2023: 5%) | 327 | - |
| Income tax expense | $400,442 | $137,015 |

Deferred tax assets and liabilities

For the year ended December 31, 2024

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending Balance |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| Net defined benefit liabilities non-current | $1,350 | $(17) | $- | $1,333 |
| Unrealized exchange gains and losses | 26 | (28) | - | 2 |
| | $1,376 | $(45) | $- | $1,331 |

For the year ended December 31, 2023

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending Balance |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| Provisions-current | $196 | $(196) | $- | $- |
| Net defined benefit liabilities non-current | 1,368 | (18) | - | 1,350 |
| Unrealized exchange gains and losses | 1,102 | (1,076) | - | 26 |
| Loss carry forward | 45,222 | (45,222) | - | - |
| | $47,888 | $(46,512) | $- | $1,376 |

Unrecognized deferred tax assets

As of December 31, 2024 and 2023, deferred tax assets have not been recognized by the Company amounted to NT$102,136 thousand and NT$105,685 thousand, respectively.

The assessment of income tax returns

As of December 31, 2024, the assessment of the income tax returns of the Company is as follows:

| | The assessment of income tax returns |
|---|---|
| The Company | Assessed and approved up to 2022 |

## (23) Earnings per share

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

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

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| (1) Basic earnings per share | | |
| Profit attributable to ordinary equity holders of the Company (in thousand NT$) | $1,629,482 | $511,043 |
| Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands) | 839,988 | 839,988 |
| Basic earnings per share (NT$) | $1.94 | $0.61 |
| | | |
| (2) Diluted earnings per share | | |
| Profit attributable to ordinary equity holders of the Company (in thousand NT$) | $1,629,482 | $511,043 |
| Effect of dilution: | | |
| Employee compensation－ stock (in thousands) | 597 | 93 |
| Weighted average number of ordinary shares outstanding after dilution (in thousands) | 840,585 | 840,081 |
| Diluted earnings per share (NT$) | $1.94 | $0.61 |

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.

7. Related-party transactions

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

(1) Name and relationship with the Company

| Name of the related party | Relationship with the Company |
|---|---|
| Huachien Development Co., Ltd. | Subsidiary |
| Huajian Construction Co., Ltd. | Subsidiary |
| Pauguo Real Estate Management Co., Ltd. | Substantive related party |
| Ms. Wu | Manager of the Company |
| Ms. Jian | Manager of the Company |
| Ms. Li | Audit supervisor of the Company |
| Ms. Huang | Substantive related party |
| Mr. Chen | Substantive related party |

(2) Significant transactions with related parties

(a) Sales

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Rental income | | |
| Huachien Development Co., Ltd. | $28 | $28 |
| Huajian Construction Co., Ltd. | 286 | 286 |
| Total | $314 | $314 |

(b) Purchase

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| New Construction - Lump-Sum Contract Work | | |
| Huajian Construction Co., Ltd. | $2,565,161 | $1,703,229 |

(c) Cost of construction in progress

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Financial Expense | | |
| Pauguo Real Estate Management Co., Ltd. | $1,571 | $1,676 |

(d) Administrative expenses

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Miscellaneous expenses | | |
| Pauguo Real Estate Management Co., Ltd. | $16 | $27 |

(e) Notes receivable

| | For the years ended December 31, | |
|---|---|---|
| Notes receivable | 2024 | 2023 |
| Huachien Development Co., Ltd. | $8 | $8 |
| Huajian Construction Co., Ltd. | 50 | 50 |
| Total | $58 | $58 |

(f) Notes payable

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Notes payable | | |
| Huajian Construction Co., Ltd. | $368,220 | $290,086 |

(g) Accounts payable

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Accounts payable | | |
| Huajian Construction Co., Ltd. | $573,919 | $465,250 |

(h) Other advance receipts

| | For the years ended December 31, | |
|---|---|---|
| Other advance receipts | 2024 | 2023 |
| Huachien Development Co., Ltd. | $8 | $8 |
| Huajian Construction Co., Ltd. | 50 | 50 |
| Total | $58 | $58 |

(i) Advance receipts of land and buildings

| | For the years ended December 31, | |
|---|---|---|
| Advance receipts of land and buildings | 2024 | 2023 |
| Ms. Wu | $3,020 | $- |
| Ms. Jian | 1,020 | - |
| Ms. Li | 3,050 | - |
| Ms. Huang | 1,860 | - |
| Mr. Chen | 1,430 | - |
| Total | $10,380 | $- |

Key management personnel compensation

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Salary and other short-term employee benefits | $11,599 | $11,433 |

8. Assets pledged as security

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

| | | Carrying amount as of | |
|---|---|---|---|
| Assets | Secured liabilities | December 31,2024 | December 31, 2023 |
| Inventory | | | |
| Available-for-sale land | Short-term borrowings | $20,266 | $20,266 |
| Available-for-sale housing | Short-term borrowings | 43,260 | 43,260 |
| Land held for construction site | Short-term borrowings, Long-term borrowings | 15,668,580 | 11,652,491 |
| Land held for floor-area-ratio transfer | Short-term borrowings | 18,991 | - |
| Construction in progress | Short-term borrowings | 6,657,259 | 3,885,415 |
| Property, plant and equipment | | | |
| Land | Short-term borrowings | 36,006 | 36,006 |
| Buildings | Short-term borrowings | 16,160 | 15,817 |
| Other equipment | Short-term borrowings | 28 | 28 |
| Investments accounted for using the equity method | Long-term borrowings | 336,083 | 316,837 |
| Other current financial assets | Trust account | 1,736,147 | 666,511 |
| Total | | $24,532,780 | $16,636,631 |

9. Significant contingencies and unrecognized contractual commitments

(1) As of December 31, 2024, the Company’s guarantee notes received from the contractors and customers amounted to $4,066,593 thousand.

(2) As of December 31, 2024, the contracts signed by Company for the pre-sale of properties with customers amounted to $22,183,970 thousand (tax included), and $3,488,400 thousand (tax included) has been received according to the contract term and conditions.

(3) As of December 31, 2024, the total price of the contracts on the sale of the remaining housing units that the Company has signed with such units not handed over is $221,160 thousand, and the payments received as per the contracts amounted to $56,600 thousand.

(4) As of December 31, 2024, the Company signed material and construction contracts with contractors in the amount of $11,625,397 thousand, of which $5,290,419 thousand was unpaid.

(5) As of December 31, 2024, the total price of the land purchase contracts that the Company has signed with the ownership of the land not yet transferred in the amount of $334,093 thousand, of which $230,689 thousand was unpaid.

(6) Due to real estate sales, the Company 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 Company to return the interest on the prepaid real estate payments. Consequently, the buyer claimed that the Company 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. On March 3, 2025, a mediation was conducted by the Taiwan High Court, resulting in an agreement between both parties. The Company is willing to pay the buyer NT$4,000 thousand before May 29, 2025, and the buyer waives all other claims. Since these potential matters are contingent upon the mediation being established afterward and confirming our company's current obligations, the Company will estimate the amount to be paid under this mediation afterward.

10. Losses due to major disasters

None.

11. Significant subsequent events

(1) The Company's Board of Directors resolved on March 26, 2025 to distribute the earnings for the fourth quarter of 2024, as well as the dividends per share, as follows:

| | Appropriation of earnings | Dividend per share (NT$) |
|---|---|---|
| | Fourth quarter of 2024 | Fourth quarter of 2024 |
| Legal reserve | $38,997 | $- |
| Common stock - cash dividend | 352,150 | 0.41923168 |

(2) The company, at the Board of Directors held in March 2025, approved the proposal to sign a construction contract for the new building project on the land in the Yixin section of Fengyuan District, Taichung City, with our subsidiary, Huajian Construction. The contract amount shall not exceed NT$18,372 thousand.

(3) At the Board of Directors of the company on March 26, 2025, it was resolved to allocate NT$335,995 thousand from the capital reserve derived from the premium on the issuance of shares above their par value for cash distribution. It is proposed to request the board to authorize the chairman to set the record date, distribution date, and other related matters.

12. Others

(1) Financial instruments

A. Categories of financial instruments

Financial assets

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Financial assets measured at fair value through other comprehensive income | | |
| Investments in designated equity instrument | $2,262 | $3,003 |
| Financial assets measured at amortized cost | | |
| Cash and cash equivalents | $844,854 | $1,065,780 |
| Notes receivable | 3,902 | 6,838 |
| Accounts receivable | 245,214 | 385,649 |
| Other receivables | 9,018 | - |
| Other financial assets | 1,736,147 | 666,511 |
| Guarantee deposits paid | 11,825 | 7,525 |
| Total | $2,850,960 | $2,132,303 |

Financial liabilities

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Financial liabilities at amortized cost | | |
| Short-term borrowings | $5,493,243 | $4,088,935 |
| Notes payable | 429,186 | 374,516 |
| Accounts payable | 602,626 | 486,602 |
| Other payables | 177,925 | 161,980 |
| Long-term borrowings (including current portion) | 6,875,050 | 4,976,055 |
| Guarantee deposits received | 725 | 24 |
| Total | $13,578,755 | $10,088,112 |
| Leases liabilities | $244 | $60 |

B. Financial risk management objectives and policies

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

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

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company 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 Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company'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 years ended December 31, 2024 and 2023 is increase/decrease by $41 thousand and $0 thousand, respectively, the equity is increase/decrease by $70 thousand and $88 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company 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 at 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 years ended December 31, 2024 and 2023 to increase/decrease by $123,683 thousand and $90,650 thousand, respectively.

Equity price risk

The fair value of the Company'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 Company'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 Company 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 Company's senior management on a regular basis. The Company'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 Company's profit for the years ended December 31, 2024 and 2023 by $226 thousand and $300 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 Company is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company'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 accounts receivable of the Company 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 Company's treasury in accordance with the Company's policy. The Company 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 Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Company'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 | 1 to 3 years | 3 to 5 years | > 5 years | Total Amount |
|---|---|---|---|---|---|
| As of December 31, 2024 | | | | | |
| Short-term borrowings | $4,058,982 | $1,556,007 | $- | $- | $5,614,989 |
| Accounts and other payables | 1,209,737 | - | - | - | 1,209,737 |
| Long-term borrowings | 3,185,367 | 2,101,981 | 1,947,514 | - | 7,234,862 |
| (including current portion) | | | | | |
| Leases liabilities | 96 | 148 | - | - | 244 |
| Guarantee deposits received | 19 | 706 | - | - | 725 |

| | Less than 1 year | 1 to 3 years | 3 to 5 years | > 5 years | Total Amount |
|---|---|---|---|---|---|
| As of December 31, 2023 | | | | | |
| Short-term borrowings | $1,946,424 | $2,259,937 | $- | $- | $4,206,361 |
| Accounts and other payables | 1,023,098 | - | - | - | 1,023,098 |
| Long-term borrowings | 253,824 | 4,069,046 | 894,663 | - | 5,217,533 |
| (including current portion) | | | | | |
| Leases liabilities | 60 | - | - | - | 60 |
| Guarantee deposits received | 18 | 6 | - | - | 24 |

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2024:

| | Short-term borrowings | Long-term borrowings | Leases liabilities | Guarantee deposits received | Total liabilities from financing activities |
|---|---|---|---|---|---|
| As of January 1, 2024 | $4,088,935 | $4,976,055 | $60 | $24 | $9,065,074 |
| Cash flows | 1,404,308 | 1,898,995 | (111) | 701 | 3,303,893 |
| Non-cash changes | - | - | 295 | - | 295 |
| As of December 31, 2024 | $5,493,243 | $6,875,050 | $244 | $725 | $12,369,262 |

Reconciliation of liabilities for the year ended December 31, 2023:

| | Short-term borrowings | Long-term borrowings | Leases liabilities | Guarantee deposits received | Total liabilities from financing activities |
|---|---|---|---|---|---|
| As of January 1, 2023 | $3,584,000 | $4,117,055 | $393 | $1,915 | $7,703,363 |
| Cash flows | 504,935 | 859,000 | (358) | (1,891) | 1,361,686 |
| Non-cash changes | - | - | 25 | - | 25 |
| As of December 31, 2023 | $4,088,935 | $4,976,055 | $60 | $24 | $9,065,074 |

(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 Company to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, trade receivables, 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 Company 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 Company.

(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 Company 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 Company's assets and liabilities

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

As of December 31, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Unlisted stocks | $- | $- | $2,262 | $2,262 |

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 |

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2024 and 2023, the Company'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 year ended December 31, 2024: | |
| Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income) | (741) |
| Acquisition/issues for the year ended December 31, 2024 | - |
| Disposal/settlements for the year ended December 31, 2024 | - |
| Transfer in/(out) of Level 3 | - |
| Ending balances as of December 31, 2024 | $2,262 |

| | 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 year ended December 31, 2023: | |
| Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income) | 473 |
| Acquisition/issues for the year ended December 31, 2023 | - |
| Disposal/settlements for the year ended December 31, 2023 | - |
| Transfer in/(out) of Level 3 | - |
| Ending balances as of December 31, 2023 | $3,003 |

Total gains and losses recognized in profit or loss for the years ended December 31, 2024 and 2023 in the Table above confine gains and losses related to assets on hands as of December 31, 2024 and 2023 in the amount of $(741) thousand and $473 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 December 31, 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 Company's equity by $377 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 Company's equity by $500 thousand |

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

The Company'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 Company's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2024:

None

As of December 31, 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 December 31, 2024 | | |
|---|---|---|---|
| | Foreign currencies | Foreign exchange rate | NTD |
| Financial assets | | | |
| Monetary items: | | | |
| USD | $25 | 32.785 | $813 |
| Non-monetary items: | | | |
| USD | $43 | 32.785 | $1,405 |

| | As of December 31, 2023 | | |
|---|---|---|---|
| | Foreign currencies | Foreign exchange rate | NTD |
| Financial assets | | | |
| Non-monetary items: | | | |
| USD | $57 | 30.705 | $1,761 |

The foreign currency sensitivity analysis reports on the significant monetary items denominated in foreign currencies as of the end of the reporting period, and the impact of the related depreciation/appreciation of the foreign currencies on the Company's profit/loss and equity.

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

(10) Capital management

The Company'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 Company 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 Company 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 Company's optimal capital to ensure that financing is available at a reasonable cost.

The debt-to-capital ratio is as follows:

| | As of | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Total liabilities | $17,507,007 | $12,375,081 |
| Less: Cash and cash equivalents | (844,854) | (1,065,780) |
| Net liabilities | 16,662,153 | 11,309,301 |
| Total equity | 10,499,677 | 10,445,272 |
| Capital after adjustment | $27,161,830 | $21,754,573 |
| Debt-to-capital ratio | 61.34% | 51.99% |

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, associates and joint ventures). | Table 2 |
| 4 | Individual securities acquired or disposed of with accumulated amount exceeding $300 million or 20 percent of paid-in capital. | None |
| 5 | Acquisition of individual real estate properties at costs of at least NTD 300 million or 20 percent of paid-in capital. | Table 3 |
| 6 | Disposable of individual real estate properties at costs of at least NTD 300 million or 20 percent of paid-in capital. | None |
| 7 | Total purchases from or sales to related parties of at least NTD 100 million or 20 percent of paid-in capital. | Table 4 |
| 8 | Receivables from related parties amounting to at least NTD 100 million or 20 percent of paid-in capital. | 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.

Delpha Construction Co., Ltd.

Notes to the Parent Company Only Financial Statements

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 | $2,099,935 | $400,000 | $400,000 | $285,848 | $- | 3.81% | $5,249,839 | Y | N | N |

<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 constructic 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 Ac 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 c 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 amoun 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.

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 | December 31,2024 | | | | 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 | $1,405 | 5.24% | $1,405 | |
| The Company | Stock | Hwa Chi Venture Capital Co., Ltd. | None | Financial assets at fair value through other comprehensive income - non current | 7,816 | 857 | 1.56% | 857 | |
| | | | | | | $2,262 | | $2,262 | |

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 | No. 459, 460, Longfu Section, Houlong Township, Miaoli County | 2024.01.23 (Signing date) | $462,281 | Installment by agreement | Lixiong Co., Ltd. And Zhongxin Co., Ltd. | Non-related party | - | - | - | - | 1. Refer to the report of a professional real estate appraiser.<br>2. Negociated by two parties. | Construction & Building | None |
| The Company | Lot No. 554, 557, 559, Longfu Section, Houlong Township, Miaoli County | 2024.06.12 (Signing date) | $1,537,019 | Installment by agreement | Individual surnamed Li and four others | Non-related party | - | - | - | - | 1. Refer to the report of a professional real estate appraiser.<br>2. Negociated by two parties. | Construction & Building | None |
| The Company | Lot No. 142, 142-1, 142-2, 168, 168-1, 168-2, Fengming Section, Yingge District, New Taipei City | 2024.04.26 (Signing date) | $1,234,232 | Installment by agreement | Individual surnamed Wu and 11 others | Non-related party | - | - | - | - | 1. Refer to the report of a professional real estate appraiser.<br>2. Negociated by two parties. | Construction & Building | None |
| The Company | No. 143, Fengming Section, Yingge District, New Taipei City | 2024.07.10 (Signing date) | $347,868 | Installment by agreement | Individual surnamed Kuo | Non-related party | - | - | - | - | 1. Refer to the report of a professional real estate appraiser.<br>2. Negociated 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.

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 | $2,565,161 | 34.02% (Individual financial statements) | Installment payment in accordance with the contract payment collected as per the schedule in contracts | - | - | $(942,139) | 91.31% | Note 4 |
| Huajian | The Company | Parent company | Sale | (2,697,169) | 100% (Individual financial statements) | Installment payment in accordance with the contract payment collected as per the schedule in contracts | - | - | 942,139 | 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.

Table 5: Receivables from related parites 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> | Turover Ratio | Overdue | | Amounts Received in Subsequent Period | Allowance for Bad Debts |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action Taken | | |
| Huajian | The Company | Parent Company | $942,139 <Note3> | - | $- | - | $618,517 | $- |

<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.

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 | 1.05% |
| 1 | Huajian | The Company | 2 | Notes receivable and accounts receivable | 942,139 | Note 4 | 3.24% |
| 1 | Huajian | The Company | 2 | Operating revenue | 2,697,169 | Note 4 | 44.25% |

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.

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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 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% | $310,536 | $(16,954) | $(9,894) | |
| The Company | Huachien | 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% | 335,799 | 42,044 | 22,961 | |

Table 8: Information on major shareholders

Shareholdings of major shareholders of the Company as of December 31, 2024: Unit: Thousand shares

| Shares / Major shareholders | Total shares owned | Ownership percentage |
|---|---|---|
| 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.

The Contents of Statements of Major Accounting Items

Delpha Construction Co., Ltd.

1. Statement of Cash and Cash Equivalents

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount |
| --- | --- | --- |
| Petty cash | | $160 |
| Cash in banks | | |
| Check deposits | | 491 |
| Demand deposits | | 843,390 |
| Foreign currency deposits | | 813 |
| Subtotal | | 844,694 |
| Total | | $844,854 |

Delpha Construction Co., Ltd.

2. Statement of Inventories

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | |
|---|---|---|---|
| | | Cost | Net Realizable Value |
| Land and buildings held for sale | | $271,343 | $416,278 |
| Land held for construction site and construction in progress | | 23,587,273 | 39,682,813 |
| Land held for floor-area-ratio transfer | | 20,513 | 21,235 |
| Prepayment for land purchases | | 103,404 | 103,404 |
| Subtotal | | 23,982,533 | 40,223,730 |
| Less: Allowance for inventory valuation loss | | (378,470) | (378,470) |
| Total | | $23,604,063 | $39,845,260 |

Delpha Construction Co., Ltd.

3. Statement of Construction in Progress

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

| Project name | As of January 1, 2024 | Increase | | Decrease | | As of December 31, 2024 |
|---|---|---|---|---|---|---|
| | | Land and Construction Costs | Interest Capitalization | Transferred to land and buildings held for sale | Transferred to land held for construction site | |
| Shulin Case | $85,821 | $- | $- | $- | $- | $85,821 |
| Yisin Section Case | - | 54,769 | 22,241 | - | - | 77,010 |
| Delpha Living's Home B | 1,350 | - | - | - | - | 1,350 |
| Xindian He Feng Case | 148,391 | - | - | - | - | 148,391 |
| Huaisheng Urban Renewal Project | 50,578 | 481 | - | - | - | 51,059 |
| Wenlin N. Road Case | 976 | - | - | - | - | 976 |
| Xinbi Section Case A | - | 47,698 | - | (47,698) | - | - |
| Xinbi Section Case B | 217,966 | 140,011 | 17,553 | - | - | 375,530 |
| Lejie Section Case A | 545,468 | 326,762 | - | (872,230) | - | - |
| Lejie Section Case B | 121,620 | 94,160 | 13,546 | - | - | 229,326 |
| Lejie Section Case C | 1,875 | 182,586 | 24,798 | - | - | 209,259 |
| Longfu Section Case A | - | - | 977 | - | - | 977 |
| Longfu Section Case B | - | - | 335 | - | - | 335 |
| Longyi Section Case A | - | 2,032 | 507 | - | - | 2,539 |
| Qingxi Section Case A | 321,846 | 130,271 | - | (452,117) | - | - |
| Qingxi Section Case B | 664,035 | 288,986 | 35,538 | - | - | 988,559 |
| Shanjie Section | 328,890 | 226,841 | 13,468 | - | - | 569,199 |
| Xinzhan Section | 315,093 | 240,215 | 6,186 | (561,494) | - | - |
| Wuri New High-Speed Railway Section | 2,235,934 | 1,447,516 | 115,336 | - | - | 3,798,786 |
| Fengming Section Case A | - | 11,897 | - | - | - | 11,897 |
| Qing'an Section | 92,912 | 230,116 | 18,591 | - | - | 341,619 |
| Sanzuowu Section | 36,229 | 98,499 | 10,267 | - | - | 144,995 |
| Fuxi Section | - | 59,575 | 3,257 | - | - | 62,832 |
| Total | $5,168,984 | $3,582,415 | $282,600 | $(1,933,539) | $- | $7,100,460 |

Delpha Construction Co., Ltd.

4. Statement of Prepayment

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Prepayments | | | |
| Prepayments to Suppliers | | $124,400 | |
| Prepaid other Expenses | | 1,889 | |
| Deferred Tax Assets | | 179,265 | |
| Otheer Prepayment | | 116 | |
| Total | | $305,670 | |

Delpha Construction Co., Ltd.

5. Statement of Other Financial Assets - current

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Name | Description | Book Value (NTD) | Note |
|---|---|---|---|
| NTD： | | | |
| Trust account (NTD) | Taiwan Cooperative Bank | $395,081 | |
| Trust account (NTD) | Taiwan Cooperative Bank | 66,745 | |
| Trust account (NTD) | Taiwan Cooperative Bank | 60,229 | |
| Trust account (NTD) | Mega International Commercial Bank Co., Ltd. | 1,094,096 | |
| Trust account (NTD) | Far Eastern International Bank | 4,001 | |
| Reserve Account (NTD) | Bank of Panshin | 9,957 | |
| Trust account (NTD) | Mega International Commercial Bank Co., Ltd. | 35,089 | |
| Trust account (NTD) | First Commercial Bank | 70,949 | |
| Total | | $1,736,147 | |

Delpha Construction Co., Ltd.

6. Statement of Other Current Assets - others

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Payments on Behalf | Advances for Joint Owners' Sales Services and Others | $13,158 | |

Delpha Construction Co., Ltd.

7. Statement of Financial Assets at Fair Value Through Other Comprehensive Income, non-current

For the year ended December 31, 2024

(In Thousands shares / Thousands of New Taiwan Dollars)

| Name | As of January 1, 2024 | | Increase | | Decrease | | Unrealized Valuation Gains and Losses | As of December 31, 2024 | | Pledged as Security | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Fair value | Shares | Amount | Shares | Amount | Amount | Shares | Fair value | | |
| Unlisted and Unquoted Shares: | | | | | | | | | | | |
| Vincera Growth Capital II Limited | 60 | $1,761 | - | $- | - | $- | $(356) | 60 | $1,405 | None | |
| Hwa Chi Venture Capital Co., Ltd. | 8 | 1,242 | - | - | - | - | (385) | 8 | 857 | None | |
| Total | | $3,003 | | $- | | $- | $(741) | | $2,262 | | |

Delpha Construction Co., Ltd.

8. Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2024

(In Thousands shares / Thousands of New Taiwan Dollars)

| | As of January 1, 2024 | | | Increase | | Decrease | | As of December 31, 2024 | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Shares | Percentage of ownership (%) | Amount | Shares | Amount | Shares | Amount | Shares | Percentage of ownership (%) | Amount | Unit price | Unit price | Basis of Valuation | Pledged as Security |
| Huachien | 18,208 | 58.36% | $320,430 | - | $- | - | $(9,894) <Note 1> | 18,208 | 58.36% | $310,536 | $532,104 | $17.05 | Equity method | None |
| Huajian | 35,000 | 100% | 312,838 | 3,231 | 22,961 <Note 1、Note 2、Note 3> | - | - | 38,231 | 100% | 335,799 | 428,704 | 11.21 | Equity method | Yes |

Note 1: Represents investment income recognized using the equity method.

Note 2: Represents cash dividends distributed by the investee company.

Note 3: Represents the recognition of unrealized sales profits.

Delpha Construction Co., Ltd.

9. Statement of Right-of-Use Assets Cost and Accumulated Depreciation

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | As of January 1, 2024 | Increase | Decrease | As of December 31, 2024 | Note |
|---|---|---|---|---|---|
| Cost | | | | | |
| Buildings | $357 | $- | $(357) | $- | |
| Office equipment | - | 291 | - | 291 | |
| Subtotal | 357 | 291 | (357) | 291 | |
| Accumulated Depreciation and Impairment | | | | | |
| Buildings | (298) | (59) | 357 | - | |
| Office equipment | - | (49) | - | (49) | |
| Subtotal | (298) | (108) | 357 | (49) | |
| Net Book Value | $59 | $183 | $- | $242 | |

Delpha Construction Co., Ltd.

10. Statement of Other Non-current Assets

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Prepayment for equipment | | $- | |
| Guarantee deposits paid | | | |
| Joint Venture Guarantee Deposits | | $400 | |
| Lease Security Deposits | | 63 | |
| Construction Guarantees or Construction Guarantee Deposits | | 11,362 | |
| Total | | $11,825 | |
| Other Non-current Assets - others | | | |
| Furnishings and Decorations | | $5,552 | |

Delpha Construction Co., Ltd.

11. Statement of Short-term Borrowings

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Creditor | Nature of Borrowing | Borrowed Amount | Contract Term | Interest Rate | Note |
|---|---|---|---|---|---|
| The Shanghai Commercial & Savings Bank, Ltd. | Secured Loan | $100,000 | 2024.11～2025.10 | Note 2 | |
| First Commercial Bank | Secured Loan | 65,000 | 2023.10～2026.05 | 〃 | |
| Hwatai Bank | Secured Loan | 733,000 | 2020.11～2025.08 | 〃 | |
| Mega International Commercial Bank Co., Ltd. | Secured Loan | 389,600 | 2022.12～2025.05 | 〃 | |
| Mega International Commercial Bank Co., Ltd. | Secured Loan | 526,000 | 2023.02～2025.05 | 〃 | |
| Mega International Commercial Bank Co., Ltd. | Secured Loan | 1,017,120 | 2023.07～2025.05 | 〃 | |
| Mega International Commercial Bank Co., Ltd. | Secured Loan | 49,000 | 2023.06～2025.09 | 〃 | |
| Mega International Commercial Bank Co., Ltd. | Secured Loan | 33,000 | 2023.03～2025.09 | 〃 | |
| Mega International Commercial Bank Co., Ltd. | Secured Loan | 160,090 | 2023.10～2025.09 | 〃 | |
| Mega International Commercial Bank Co., Ltd. | Unsecured Loan | 377,500 | 2024.05～2025.05 | 〃 | |
| Mega International Commercial Bank Co., Ltd. | Unsecured Loan | 468,000 | 2024.09～2026.03 | 〃 | |
| Taiwan Cooperative Bank | Secured Loan | 323,810 | 2022.10～2025.03 | 〃 | |
| CTBC Bank Co., Ltd. | Secured Loan | 39,000 | 2024.04～2026.06 | 〃 | |
| CTBC Bank Co., Ltd. | Secured Loan | 8,500 | 2023.07～2026.06 | 〃 | |
| CTBC Bank Co., Ltd. | Unsecured Loan | 24,460 | 2024.12～2027.12 | 〃 | |
| CTBC Bank Co., Ltd. | Unsecured Loan | 14,580 | 2024.04～2027.04 | 〃 | |
| Shin Kong Commercial Bank Co., Ltd. | Secured Loan | 210,000 | 2024.05～2025.05 | 〃 | |
| Taishin International Bank Co., Ltd. | Secured Loan | 47,000 | 2024.12～2025.01 | 〃 | |
| Bank of Panshin | Unsecured Loan | 85,000 | 2023.03～2026.03 | 〃 | |
| Far Eastern International Bank Co., Ltd. | Unsecured Loan | 14,000 | 2024.06～2027.01 | 〃 | |
| Far Eastern International Bank Co., Ltd. | Unsecured Loan | 325,583 | 2023.04～2027.07 | 〃 | |
| Chang Hwa Commercial Bank | Unsecured Loan | 483,000 | 2024.12～2025.12 | 〃 | |
| Total | | $5,493,243 | | | |

Note 1: For details on collateral or guarantees, please refer to Note 8.

Note 2: The interest rate interval is from 2.49% to 3.15%.

Delpha Construction Co., Ltd.

12. Statement of Contract Liabilities

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Advances from Customers for Properties | Xinbi Section Case A | $12,997 | |
| | Xinbi Section Case B | 130,710 | |
| | Lejie Section Case B | 73,210 | |
| | Qingxi Section Case B | 620,630 | |
| | Shanjie Section | 217,791 | |
| | Xinzhan Section | 43,138 | |
| | Wuri New High-Speed Railway Section | 2,437,170 | |
| | Qing'an Section | 4,000 | |
| Total | | $3,539,646 | |

Delpha Construction Co., Ltd.

13. Statement of Notes Payable (including related parties)

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Non related parties | | | |
| A Company | Construction Payables | $28,420 | |
| B Company | Construction Payables | 9,320 | |
| C Company | Construction Payables | 5,340 | |
| D Company | Construction Payables | 3,204 | |
| E Company | Construction Payables | 3,141 | |
| Others | Construction Payables | 11,541 | (Aggregated of amounts less than 5% of the respective accounts) |
| Total | | $60,966 | |
| | | | |
| Related parties | | | |
| Huajian | Construction Payables | $368,220 | |

Delpha Construction Co., Ltd.

14. Statement of Accounts Payable (including related parties)

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Not related parties | | | |
| A Company | Construction Payables | $10,662 | |
| B Company | Construction Payables | 4,617 | |
| C Company | Construction Payables | 2,074 | |
| D Company | Construction Payables | 1,736 | |
| E Company | Construction Payables | 1,633 | |
| Others | | 7,985 | (Aggregated of amounts less than 5% of the respective accounts) |
| Total | | $28,707 | |
| | | | |
| Related parties | | | |
| Huajian | Construction Payables | $573,919 | |

Delpha Construction Co., Ltd.

15. Statement of Other Payables

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Salaries and Bonuses Payable | | $30,689 | |
| Interest Payable | | 11,631 | |
| Planning Service Fees | | 17,465 | |
| Others | Accrued Expenses and Other Payables | 118,140 | (Aggregated of amounts less than 5% of the respective accounts) |
| Total | | $177,925 | |

Delpha Construction Co., Ltd.

16. Statement of Other Current Liabilities - others

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Collections on Behalf of others | Withholding Taxes Payable | $318 | |
| | Miscellaneous | 43,154 | |
| | Others | 41 | |
| Total | | $43,513 | |

Delpha Construction Co., Ltd.

17. Statement of Lease Liabilities

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Lease Period | Discount Rate | Description | Amount | Note |
|---|---|---|---|---|---|
| Office equipment | July 2024 to June 2027 | 2.65% | Current | $244 | |
| | | | Non-current | - | |
| | | | Total | $244 | |

Delpha Construction Co., Ltd.

18. Statement of Long-term Borrowings

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

| Creditor | Description | Amount | Contract period | Interest Rate | Collateral or Guarantee | Note |
|---|---|---|---|---|---|---|
| Taiwan Cooperative Bank | Secured Borrowings | $1,679,050 | 2021.05~2029.08 | Note 1 | Inventory - Construction Land | |
| Taiwan Cooperative Bank | Unsecured Borrowings | 52,000 | 2023.02~2027.12 | 〃 | | |
| Bank of Panshin | Unsecured Borrowings | 150,000 | 2021.12~2026.12 | 〃 | | |
| Mega International Commercial Bank Co., Ltd | Secured Borrowings | 3,541,500 | 2021.06~2028.12 | 〃 | Inventory - Construction Land | |
| First Commercial Bank | Secured Borrowings | 257,000 | 2022.05~2026.05 | 〃 | Inventory - Construction Land | |
| First Commercial Bank | Unsecured Borrowings | 93,000 | 2022.11~2026.05 | 〃 | | |
| CTBC Bank Co., Ltd. | Secured Borrowings | 142,500 | 2022.12~2026.06 | 〃 | Inventory - Construction Land | |
| Fubon Bank | Secured Borrowings | 158,000 | 2024.06~2028.06 | 〃 | Inventory - Construction Land | |
| Far Eastern International Bank Co., Ltd. | Secured Borrowings | 390,000 | 2024.03~2027.01 | 〃 | Inventory - Construction Land | |
| The Shanghai Commercial & Savings Bank, Ltd. | Unsecured Borrowings | 60,000 | 2023.10~2027.09 | 〃 | | |
| The Shanghai Commercial & Savings Bank, Ltd. | Secured Borrowings | 352,000 | 2023.09~2027.11 | 〃 | Inventory - Construction Land | |
| Subtotal | | 6,875,050 | | | | |
| Less: Amounts due within one operating cycle | | (4,971,780) | | | | |
| Total | | $1,903,270 | | | | |

Note 1: The interest rate interval is 2.56% to 3.50%.

Delpha Construction Co., Ltd.

19. Statement of Operating Revenues

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | | Note |
|---|---|---|---|---|
| | | Subtotal | Total | |
| Sales revenue – lands and buildings | | | | |
| Xinbi Section Case A | | $1,519,956 | | |
| Lejie Section Case A | | 2,342,408 | | |
| Qingxi Section Case A | | 1,238,049 | | |
| Xinzhan Section | | 986,050 | $6,086,463 | |
| Rental income | | | | |
| Wenlin N. Road Case | | 1 | | |
| Reading Europe | | 314 | | |
| Shulin Case | | 34 | | |
| Shitan Section Case A | | 92 | 441 | |
| Total | | | $6,086,904 | |

Delpha Construction Co., Ltd.

20. Statement of Operating Costs

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Cost of goods sold – lands and buildings | | | |
| Xinbi Section Case A | | $919,002 | |
| Lejie Section Case A | | 1,349,173 | |
| Qingxi Section Case A | | 755,497 | |
| Xinzhan Section | | 612,840 | |
| Total | | $3,636,512 | |

Delpha Construction Co., Ltd.

21. Statement of Selling Expenses

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Advertising Expenses | | $311,664 | |
| Others | | 1,205 | (Aggregated of amounts less than 5% of the respective accounts) |
| Total | | $312,869 | |

Delpha Construction Co., Ltd.

22. Statement of Administrative Expenses

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Salary | | $67,139 | |
| Service Charges | | 11,104 | |
| Taxes | | 13,831 | |
| Entertainment expenses | | 6,923 | |
| Miscellaneous | | 7,009 | |
| Others | | 27,697 | (Aggregated of amounts less than 5% of the respective accounts) |
| Total | | $133,703 | |