

SUN YAD CONSTRUCTION CO., LTD.

**Parent Company Only Financial
Statements and External Auditor's
Report**

2022 and 2021

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External Auditor's Report

To the Board of Directors of SUN YAD CONSTRUCTION CO., LTD.:

Audit Opinions

We have completed our review on the Balance Sheet of SUN YAD CONSTRUCTION CO., LTD. on December 31, 2022 and 2021, and Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) for January 1~December 31, 2022 and 2021.

In our opinion, said parent company only financial statements in all major respects are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, based on our audit results and the other external auditors' report (please refer to the Other Matters section). They are sufficient to adequately express the consolidated financial status of the SUN YAD CONSTRUCTION CO., LTD. as of December 31, 2022 and 2021 and its financial performance and cash flow from January 1 through December 31, 2022 and 2021.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of the report. We are independent of SUN YAD CONSTRUCTION CO., LTD. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions, based on our audit results and the other external auditors' report.

Other Matters

The financial statements of certain investments under equity method included into the financial statements of SUN YAD were audited by the other external auditors, not us. Therefore, in some opinion stated by us in said parent company only financial statements, the figures stated in said investees' financial statements were based on the audit report prepared by the other external auditors. The investments of said investees the under equity method accounted for 3.07% and 5.66% of the total assets, respectively, from January 1 to December 31, 2022 and 2021. The share of profit or loss of the subsidiaries and associates recognized under the equity method from January 1 to December 31, 2022 and 2021 accounted for 7.19% and 9.98% of the net profit (loss) before tax, respectively.

Key Audit Matters

Key audit matters refer to the most important matters for the audit of 2021 consolidated financial statements of the SUN YAD Group based on our professional judgment. 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. We judge that the following key audit matters should be communicated in the audit report:

I. Recognition of revenue - real estate sale

For the accounting policy on the recognition of revenue, please refer to Note IV(XIII) Recognition of Revenue in the parent company only financial statements. For the details on the recognition of revenue, please refer to Note VI(XVII) Revenue in the parent company only financial statements.

Explanation of Key Audit Matters:

The revenue from the sale of real estate of SUN YAD CONSTRUCTION CO., LTD. was the main source of the operating revenue and recognized at the time of registration of the transfer of real estate title and physical settlement. The management might fail to recognize early, or defer the recognition of, the revenue, in order to attain the performance. Such transactions might not satisfy the revenue recognition principles, possibly resulting in a significant risk of over misrepresentation. Therefore, the recognition of revenue is identified as one of the important evaluation indicators in our audit on SUN YAD CONSTRUCTION CO., LTD.'s parent company only financial statements.

Audit procedures:

Our primary audit procedures for said key audit matters consist of verification of the control mechanism for the operating procedure of collecting and recognizing revenue from sales under the internal control system of SUN YAD CONSTRUCTION CO., LTD. We conduct the random check on the house and land sales contracts, payment details, bank transaction records, real estate ownership transfer documents, and settlement list. We conduct the random check on each installment payment for house/land to analyze the integrity of bank's collections and unearned receipts out for the house/land payment accounting procedure. We select the transactions before and after the balance sheet date at random to check the related transaction documents and evaluate whether the revenue is recognized in a timely manner.

II. Inventory valuation

For the accounting policy on inventory valuation, please refer to Note IV(VII) Inventory in the parent company only financial statements. For the uncertainty in accounting estimates and hypotheses about net realizable value of inventory valuation, please refer to Note V in the parent company only financial statements. For the explanation of the net realizable value of inventory valuation, please refer to Note VI(IV) Inventory in the parent company only financial statements.

Explanation of Key Audit Matters:

SUN YAD CONSTRUCTION CO., LTD.'s inventory is measured at the lower of cost and net realizable value. As the real estate industry requires a high cash inflow with the long collection period, the industry is likely to be affected significantly by politics, economy and real estate tax systems and, therefore, there might be the risk that the inventory cost would be higher than the net realizable value. Therefore, the inventory valuation is identified as one of the important evaluation indicators in our audit on SUN YAD CONSTRUCTION CO., LTD.'s parent company only financial statements.

Audit procedures:

Our primary audit procedures for said key audit matters consist of access to the quotation about the real estate nearby according to the latest Actual Price Registration of Real Estate released by the Ministry of the Interior, and we evaluate the reasonableness of allowance for inventory valuation and obsolescence losses in the building industry and also evaluate whether the inventory valuation is executed in accordance with the Company's existing accounting policy, by translating the average selling price into the net realizable value of inventory. Also, we evaluate whether the Company's disclosure of the information about loss provision for inventory is adequate.

III. Evaluation on impairment on goodwill included in the investment in subsidiaries

For the accounting policy on non-financial asset impairment, please refer to Note 4(XII) in the parent company only financial statements. For the explanation of the uncertainty in accounting estimates and hypotheses of evaluation on goodwill impairment, please refer to Note 5 in the parent company only financial statements. For the details about evaluation on goodwill impairment, please refer to Note VI(V).

SUN YAD's goodwill arising from acquisition of subsidiaries was included into the carrying amount of the investment under equity method in the parent company only financial statements, which should be tested for impairment periodically each year or should be tested when there is an indication of impairment. As the evaluation on the recoverable amount of the CGU to which the goodwill belongs might involve multiple hypotheses and estimates of the management, the valuation on goodwill impairment is identified as one of the important evaluation indicators in our audit on SUN YAD's parent company only financial statements.

Audit procedures:

Our primary audit procedures for said key audit matters consist of evaluation on the reasonableness of the valuation method and important hypotheses adopted by the management to measure the recoverable amount, and review on whether SUN YAD CONSTRUCTION CO., LTD. has disclosed the information about evaluation on goodwill impairment adequately.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of SUN YAD CONSTRUCTION CO., LTD. to continue operations, disclosing related matters, as well as continuing operations with the basis of accounting, unless the management either intends to liquidate SUN YAD CONSTRUCTION CO., LTD. or to cease operations, or has no feasible alternative but to do so.

Those charged with governance (including Audit Committee) are responsible for overseeing the financial reporting process of SUN YAD CONSTRUCTION CO., LTD..

External Auditors' Responsibilities for the Audit on 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 auditors' 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 will always detect a material misstatement in the parent company only financial statements 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 the parent company only financial statements.

As part of an audit in accordance with the auditing standards, 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 SUN YAD CONSTRUCTION CO., LTD.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of SUN YAD CONSTRUCTION CO., LTD. to continue as a going concern, based on the audit evidence obtained. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause SUN YAD CONSTRUCTION CO., LTD. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and contents of the parent company only financial statements, including the related 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 and appropriate audit evidence regarding the financial information of investees under equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion on the SUN YAD CONSTRUCTION CO., LTD..

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 under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and to communicate with them all relationships and other matters that may reasonably be considered affecting our independence, and where applicable, other matters (including related safeguards).

From the matters communicated with the governance unit, we have determined key audit matters of 2022 parent company only financial statements of SUN YAD CONSTRUCTION CO., LTD. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are HSU, ZHEN-LONG and CHEN, GUO-ZONG

KPMG

Tainan, Taiwan (the Republic of China)

March 10, 2023

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China. The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

SUN YAD CONSTRUCTION CO., LTD.

Balance Sheet

December 31, 2022 and 2021

Unit: NT\$ Thousand

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note VI(I))	\$ 200,480	3	152,113	4	2100	Short-term loan (Note VI(IX) and VIII)	\$ 2,386,277	37	2,728,827	45
1210	Other receivables-related party (Note VI(III) and VII)	58,380	1	107,861	2	2120	Financial liabilities at fair value through profit or loss - non-current (Note VI(II)(XI))	96	-	-	-
1220	Income tax assets for the current period	360	-	69	-	2130	Contract liabilities - current (Note VI(XVII) and IX)	559,630	9	455,414	7
130X	Inventory (Note VI(IV), VII and VIII)	5,104,439	80	4,652,390	76	2170	Accounts payable	311,769	5	33,996	1
1410	Prepayments (Note VII)	215,398	3	199,938	3	2180	Other payables - related party (Note VII)	126,349	2	-	-
1470	Other current assets	98,275	2	87,975	1	2200	Other payables (Note VI(XVIII) and VII)	71,956	1	32,894	1
1476	Other financial assets - current (Note VIII)	-	-	32,573	-	2280	Lease liabilities - current (Note VI(X))	1,605	-	1,568	-
Total current assets		5,677,332	89	5,232,919	86	2321	Corporate bonds payable, current portion (Note VI(XI) and VIII)	129,940	2	-	-
Non-current assets:						2399	Other current liabilities	17,120	-	1,648	-
1510	Financial assets at fair value through profit or loss - non-current (Note VI(II) and (XII))	-	-	2,081	-	Total current liabilities		3,604,742	56	3,254,347	54
1550	Investment under equity method (Note VI(V) and VII)	532,168	8	526,621	9	Non-current liabilities:					
1600	Property, plant and equipment (Note VI(VI))	3,416	-	4,645	-	2500	Financial liabilities at fair value through profit or loss - non-current (Note VI(II) (XI))	1,417	-	-	-
1755	Right-of-use assets (Note VI(VII) and VII)	5,785	-	7,362	-	2530	Corporate bonds payable (Note VI(XI) and VIII)	229,688	4	454,403	7
1780	Intangible assets (Note VI(VIII))	834	-	371	-	2580	Lease liabilities - non-current (Note VI(X))	4,644	-	6,248	-
1840	Deferred income tax assets (Note VI(XIII))	197	-	199	-	Total non-current liabilities		235,749	4	460,651	7
1920	Refundable deposits	6,246	-	6,630	-	Total liabilities		3,840,491	60	3,714,998	61
1980	Other financial assets - non-current (Note VI(XI) and VIII)	193,181	3	302,516	5	Equity (Note VI(V), (XI), (XIII), (XIV) and (XV))					
Total non-current assets		741,827	11	850,425	14	3100	Capital stock	2,190,421	34	2,325,457	38
						3200	Capital surplus	321,536	5	288,511	5
						3350	Undistributed earnings (accumulated deficit)	126,438	2	(187,352)	(3)
						3400	Other equity	2,029	-	(755)	-
						3500	Treasury stock	(61,756)	(1)	(57,515)	(1)
						Total equity		2,578,668	40	2,368,346	39
Total assets		\$ 6,419,159	100	6,083,344	100	Total liabilities and equity		\$ 6,419,159	100	6,083,344	100

(Please refer the Notes to Parent Company Only Financial Statements.)

Chairman: Chang Yu-Ming

Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

SUN YAD CONSTRUCTION CO., LTD.

Statement of Comprehensive Income

January 1~December 31, 2022 and 2021

Unit: NT\$ Thousand

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue, net (Note VI(XVII))	\$ 1,366,676	100	326,723	100
5000	Operating cost (Note VI(IV) and VII)	976,192	71	237,563	73
5900	Gross profit	390,484	29	89,160	27
6000	Operating expenses (Note VI(VI), (VII), (VIII), (X), (XII), (XV) and (XVIII), VII and XII):				
6100	Selling expenses	116,703	9	48,667	15
6200	Management expenses	93,462	7	102,734	31
	Total operating expenses	210,165	16	151,401	46
6900	Operating profit (loss)	180,319	13	(62,241)	(19)
	Non-operating revenue and expenditure: (Note VI(II), (IV), (V), (X), (XI) and (XIX), and VII)				
7100	Interest revenue	2,973	-	1,223	-
7020	Other gains and losses	(1,473)	-	(16,320)	(5)
7050	Financial cost	(51,981)	(4)	(63,646)	(19)
7375	Share of profit or loss of subsidiaries and associates recognized under equity method	15,936	1	55,805	17
		(34,545)	(3)	(22,938)	(7)
7900	Income (loss) before tax	145,774	10	(85,179)	(26)
7950	Less: Income tax expenses (gains) (Note VI(XIII))	5,696	-	451	-
8200	Income (loss)	140,078	10	(85,630)	(26)
8300	Other comprehensive income:				
8310	Items not reclassified into income (Note VI(XIII) and (XIV))				
8331	Remeasurement of defined benefit plans of subsidiaries	138	-	24	-
8336	Unrealized valuation gains or loss on subsidiaries' investment in equity instrument at fair value through other comprehensive income	2,025	-	(492)	-
8349	Less: Income tax related to items that are not reclassified	(28)	-	(5)	-
		2,135	-	(473)	-
8360	Items likely to be reclassified into income subsequently (Note VI(XIII)(XIV))				
8381	Share of other comprehensive income of subsidiaries under equity method-Exchange differences on translation of foreign financial statements	6	-	(1)	-
8399	Less: Income tax related to items that might be reclassified	-	-	-	-
	Total items likely to be reclassified into income subsequently	6	-	(1)	-
8300	Other comprehensive income for the current period	2,141	-	(474)	-
8500	Total comprehensive income	<u>\$ 142,219</u>	<u>10</u>	<u>(86,104)</u>	<u>(26)</u>
	Earnings per share (Note VI(XVI))				
9750	Basic earnings per share (Unit: NT\$)	<u>\$ 0.70</u>		<u>(0.55)</u>	
9850	Diluted earnings per share (Unit: NT\$)	<u>\$ 0.65</u>			

(Please refer the Notes to Parent Company Only Financial Statements.)

Chairman: Chang Yu-Ming Manager: Chang Yu-Ming Accounting Manager: Kuo Yu-Cheng

SUN YAD CONSTRUCTION CO., LTD.

Statement of Changes in Equity

January 1~December 31, 2022 and 2021

Unit: NT\$ Thousand

	Retained earnings						Other equity items				
	Common stock capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized valuation	Total	Treasury stock	Total equity
					(accumulated deficit)			gain (loss) from financial assets at fair value through other comprehensive income			
Balance on January 1, 2021	\$ 1,846,776	108,144	36,494	4,832	(124,496)	(83,170)	(187)	-	(187)	(166,342)	1,705,221
Net loss for the current period	-	-	-	-	(85,630)	(85,630)	-	-	-	-	(85,630)
Other comprehensive income for the current period	-	-	-	-	19	19	(1)	(492)	(493)	-	(474)
Total comprehensive income	-	-	-	-	(85,611)	(85,611)	(1)	(492)	(493)	-	(86,104)
Elements of equity recognized upon issuance of convertible corporate bonds	-	38,399	-	-	-	-	-	-	-	-	38,399
- -derived from the employee stock options											
Convertible corporate bonds	527,001	170,887	-	-	-	-	-	-	-	-	697,888
The stocks of the parent company purchased by a subsidiary shall be identified as treasury stocks.	-	-	-	-	-	-	-	-	-	(4,811)	(4,811)
Subsidiaries’ conversion of convertible corporate bonds	-	8,908	-	-	-	-	-	-	-	-	8,908
Cancellation of treasury stock	(48,320)	(45,387)	-	-	(11,621)	(11,621)	-	-	-	105,328	-
Difference between the price and carrying amount of the Company’s equity as acquired or disposed of	-	5,990	-	-	-	-	-	-	-	-	5,990
Changes in the ownership and equity of the subsidiary	-	(4,606)	-	-	(7,025)	(7,025)	-	-	-	8,310	(3,321)
Share-based payment transactions	-	6,176	-	-	-	-	-	-	-	-	6,176
Subsidiaries’ disposal of investment in equity instrument at fair value through other comprehensive income	-	-	-	-	75	75	-	(75)	(75)	-	-
Balance on December 31, 2021	2,325,457	288,511	36,494	4,832	(228,678)	(187,352)	(188)	(567)	(755)	(57,515)	2,368,346
Income from	-	-	-	-	140,078	140,078	-	-	-	-	140,078
Other comprehensive income for the current period	-	-	-	-	110	110	6	2,025	2,031	-	2,141
Total comprehensive income	-	-	-	-	140,188	140,188	6	2,025	2,031	-	142,219
Legal reserve for accumulated deficit	-	-	(36,494)	-	36,494	-	-	-	-	-	-
Capital surplus for accumulated deficit	6,147,461	(6,147)	-	-	6,147	6,147	-	-	-	-	-
Capital decrease for accumulated deficit	(186,037)	-	-	-	186,037	186,037	-	-	-	-	-
Convertible corporate bonds	74,063	25,564	-	-	-	-	-	-	-	-	99,627
Repurchase of treasury stock	-	-	-	-	-	-	-	-	-	(39,580)	(39,580)
Cancellation of treasury stock	(23,062)	(2,638)	-	-	(13,880)	(13,880)	-	-	-	39,580	-
The stocks of the parent company purchased by a subsidiary shall be identified as treasury stocks.	-	-	-	-	-	-	-	-	-	(2,973)	(2,973)
Changes in the ownership and equity of the subsidiary	-	4,596	-	-	(3,949)	(3,949)	-	-	-	(1,268)	(621)
Share-based payment transactions	-	5,079	-	-	-	-	-	-	-	-	5,079
Subsidiaries’ disposal of investment in equity instrument at fair value through other comprehensive income	-	-	-	-	(753)	(753)	-	753	753	-	-
Exercise of disgorgement	-	6,571	-	-	-	-	-	-	-	-	6,571
Balance on December 31, 2022	\$ 2,190,421	321,536	-	4,832	121,606	126,438	(182)	2,211	2,029	(61,756)	2,578,668

(Please refer the Notes to Parent Company Only Financial Statements.)

Chairman: Chang Yu-Ming

Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

SUN YAD CONSTRUCTION CO., LTD.

Cash Flow Statement

January 1~December 31, 2022 and 2021

Unit: NT\$ Thousand

	2022	2021
Cash flow from operating activities:		
Income (loss) before tax	\$ 145,774	(85,179)
Adjustment:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	3,000	4,460
Amortization expenses	333	345
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	3,035	(4,930)
Interest expenses	51,981	63,646
Interest revenue	(2,973)	(1,223)
Profit from lease modification	-	(10)
Share-based payment transactions	5,079	6,176
Share of profit of subsidiaries recognized under equity method	(15,936)	(55,805)
Loss on disposal and retirement of property, plant and equipment	-	10
Loss on disposal of investment	-	13,748
Unrealized exchange loss (gain)	(13)	8
Adjustments to reconcile profit (loss)	44,506	26,425
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Decrease in accounts receivable	-	200
Increase in other receivables - related party	(437)	(2,743)
Increase in inventories	(433,918)	(255,588)
Increase in prepayments	(15,460)	(111,610)
Increase in other current assets	(10,300)	(3,362)
Total net changes in assets related to operating activities	(460,115)	(373,103)
Net changes in liabilities related to operating activities:		
Increase in contract liabilities	104,216	183,797
Increase (decrease) in accounts payable	277,773	(11,973)
Increase in other payables - related party	126,349	(130,346)
Increase in other payables	38,478	908
Increase (decrease) in other current liabilities	15,472	(5,006)
Total net changes in liabilities related to operating activities	562,288	37,380
Total net changes in assets and liabilities related to operating activities	102,173	(335,723)
Total adjustments	146,679	(309,298)
Cash generate from operation	292,453	(394,477)
Interest collected	2,891	1,141
Dividends collected	9,012	1,886
Interest paid	(64,062)	(29,718)
Income tax paid	(5,985)	(515)
Net cash inflow (outflow) from operating activities	234,309	(421,683)
Cash flow from investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	2,974	-
Acquisition of financial assets at fair value through profit or loss	(3,030)	-
Acquisition of investment under equity method	(75)	(171,864)
Proceeds from disposal of subsidiaries	-	54,559
Stock payment refunded upon liquidation of the investee under equity method	-	911
Acquisition of property, plant and equipment	(194)	(438)
Proceeds from disposal of property, plant and equipment	-	182
Decrease in refundable deposits	384	7,533
Decrease (increase) -in other receivables - related party	50,000	(100,000)
Acquisition of intangible assets	(796)	(270)
Decrease in other financial assets - current	32,573	405,689
Decrease (increase) in other financial assets-current	109,335	(302,516)
Net cash inflow (outflow) from investing activities	191,171	(106,214)
Cash flow from financing activities:		
Increase in short-term loans	336,040	535,600
Decrease in short-term loans	(678,590)	(666,639)
Repayment of principal for lease	(1,567)	(2,814)
Issuance of convertible corporate bonds	-	799,000
Repayment of convertible corporate bonds	-	(67,300)
Repurchase of treasury stock	(39,580)	-
Exercise of disgorgement	6,571	-
Net cash inflow (outflow) from financing activities	(377,126)	597,847
Effects of changes in foreign exchange rates	13	(8)
Increase in cash and cash equivalents in the current period	48,367	69,942
Balance of cash and cash equivalents, beginning	152,113	82,171
Balance of cash and cash equivalents, ending	\$ 200,480	152,113

SUN YAD CONSTRUCTION CO., LTD.
Notes to Parent Company Only Financial Statements
2022 and 2021

(All amounts are expressed in NT\$ thousand as the currency unit, unless otherwise noted.)

I. Company History

SUN YAD CONSTRUCTION CO., LTD. (hereinafter referred to as the “Company”) was established upon approval of the Ministry of Economic Affairs on December 11, 1979. Its registered address is 20-6F, No. 248, Sec. 2, Yong Hua Rd., Anping Dist., Tainan City. The Company is primarily engaged in housing and building development and rental.

II. Dates and procedures where the financial statements were resolved

The parent company only financial statements were passed and promulgated by the Board of Directors on March 10, 2023.

III. Applicability of newly promulgated and amended standard rules and interpretations

(I) Effect posed by adoption of the newly promulgated and amended standard rules and interpretations endorsed by FSC.

The adoption of the following amended International Financial Reporting Standards by the Company starting on January 1, 2022 does not have a material influence on the parent company only financial statements.

- Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”
- Amendments to IAS 37, “Onerous Contracts — Cost of Fulfilling a Contract”
- IFRS 2018~2020 Annual Improvement
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(II) Effect when the Company has yet to adopt the IFRSs approved by the FSC.

The following amended IFRSs become effective as of January 1, 2023. The possible effects caused therefor are explained as following:

1. Amendments to IAS 1, “Disclosure of Accounting Policies”

The amendments primarily cover:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- Accounting policies for immaterial transactions, other events or conditions are themselves immaterial. Entities do not need to disclose them.
- Additionally, not all accounting policies are material to an enterprise’s financial statements just because they relate to significant transactions, other events, or conditions.

The Company now continuing to assess and review the accounting policies to be disclosed in the financial statements in line with the amendments.

2. Others

It expects that the following amended standards will not pose any significant impact to the parent company only financial statements.

- Amendments to IAS 8, “Definition of Accounting Estimates”
- Amendments to IAS 12, “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(III) New and amended standards and interpretations not yet endorsed by FSC.

IFRSs that have been released and amended by the International Accounting Standards Board (hereinafter referred to as the “IASB”) but have not yet endorsed by the FSC as critical to the Company are listed as follows:

New or amended standard	Contents of the amendments	Effective date of IASB's announcement
Amendments to IAS 1, “Classification of Liabilities as Current or Non-Current”	According to the existing IAS 1, a liability for which a company retains no unconditional right to defer settlement of the liability for at least 12 months after the reporting date shall be classified as current. The amendments thereto delete the unconditional rights, and require that such right should exist substantially after the reporting date. The amendments clarify how a company should classify the liabilities repaid with respect to its own equity instrument already issued (e.g. convertible corporate bonds).	January 1, 2024
Amendments to IAS1 “Non-current Liabilities with Covenants”	Upon re-consideration of certain aspects of the 2020 amendments to IAS1, the new amendments clarify that only the covenants followed at or before the reporting will affect the classification of current or non-current liabilities. The covenants to be followed after the reporting date (i.e. future covenants) would not affect the classification of liabilities on that date. Notwithstanding, if a non-current liability is subject to future covenants, a company needs to disclose information to help the financial statement user verify the risk to be repaid within 12 months after the reporting date.	January 1, 2024

The Company is continuing to assess the impact of the above standards and interpretations on its financial status and operating results and will disclose relevant influence once the assessment has been completed.

The Company expects no material influence on the consolidated financial statements due to other newly published and amended standards yet to be recognized as below.

- Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”
- IFRS 17, “Insurance Contracts” and Amendments to IFRS 17
- Amendments to IFRS 16 “Sale and Leaseback Transactions”

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

IV. Summary of significant accounting policies

The important accounting policies applied by the parent company only financial statements are summarized as follows: Unless otherwise provided, the following accounting policies have been applied during the presentation period of the parent company only financial statements.

(I) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers

(II) Basis of preparation

1. Basis for measurement

Except the financial assets at fair value through profit or loss, the parent company only financial statement was prepared based on the historical cost.

2. Functional currency and presentation of currency

The functional currency of the Company shall be subject to the currency applicable in the main economic environment in which its business place is situated. The parent company only financial statements should be presented based on the Company's functional currency, NTD. Unless otherwise noted, all of the financial information presented in NTD should be held presented in NTD Thousand as the currency unit.

(III) Foreign currency

1. Foreign currency transactions

The foreign currency exchange shall be stated at the functional currency translated at the exchange rate prevailing on the date of transaction. Subsequently, at the end of each reporting period (hereinafter referred to as the "reporting date"), the foreign currencies shall be translated into the functional currency based on the foreign exchange rate prevailing on the same date. Meanwhile, the non-monetary items at fair value denominated in foreign currency shall be stated at the functional currency re-translated at the exchange rate prevailing on the same date of fair value measurement, while the non-monetary items at historical cost denominated in foreign currency shall be stated at the functional currency translated at the exchange rate on the date of transaction.

The foreign currency exchange difference generated from the translation is usually stated as income, unless in the following circumstances, it shall be stated as other comprehensive income:

- (1) Designated as the equity instrument at fair value through other comprehensive income;
- (2) Financial liabilities designated as net investment hedge for foreign operations within the scope of effective hedging; or
- (3) Qualified cash flow hedging within the scope of effective hedging.

2. Foreign operations

Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of acquisition, shall be translated into functional currency at the exchange rate prevailing on the reporting date. The adjustments to reconcile profit (loss) shall be translated into NTD at the average exchange rate in the current period, and the exchange different generated therefor shall be stated as other comprehensive income.

When disposition of foreign operations results in loss of control, common control or any material effect, the accumulated exchange difference related to the foreign operations shall be reclassified into income in whole.

If no repayment program is defined with respect to receivable or payable items of foreign operations denominated in currency and it is impossible to repay the same in the foreseeable future, the foreign currency exchange gain or loss generated therefor shall be held a part of the net investment in the foreign operations and stated as other comprehensive income.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(IV) Classification standard of current and non-current assets and liabilities

Assets which meet one of the following conditions shall be classified into current assets, and any assets other than the current assets shall be classified into non-current assets:

1. Assets expected to be realized, or intent to be sold or consumed, in the normal operating cycle. Except the real estate development business, which is subject to the business cycle longer than one year generally, the other businesses of the Company are subject to the business cycle for one year;
2. Assets primarily held for the purpose of trading;
3. Assets expected to be realized within 12 months after the reporting period; or
4. Assets which are cash or cash equivalent, exclusive of the assets to be used for an exchange or to settle a liability, or otherwise remain restricted at more than 12 months after the reporting period.

Liabilities which meet one of the following conditions shall be classified into current liabilities, and any liabilities other than the current liabilities shall be classified into non-current liabilities:

1. Liabilities expected to be repaid in the normal operating cycle; Except the real estate development business-related liabilities, which is subject to the business cycle longer than one year generally, the other liabilities of the Company are subject to the business cycle for one year;
2. Liabilities primarily held for the purpose of trading;
3. Liabilities expected to be discharged within 12 months after the reporting period; or
4. Liabilities of which the consolidated entities do not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the trading counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

(V) Cash and Cash Equivalents

Cash or cash equivalents include cash on hand and demand deposits. Cash equivalents refer to highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The time deposits satisfy said definitions, and are held in order to satisfy the short-term cash commitment, not for investment or any other purposes and, therefore, are stated as cash equivalents.

(VI) Financial instruments

The accounts receivable and bond securities issued therefrom are stated when they are incurred initially. The other financial assets and financial liabilities are recognized initially when the Company becomes a party to the contract of the financial instruments. Any financial assets other than those at fair value through profit or loss (exclusive of the accounts receivable constituting major components of finance), or financial liabilities, shall be initially evaluated based on fair value, plus the transaction cost directly attributed to the acquisition or issuance. The accounts receivable constituting major components of finance shall be initially evaluated based on the transaction cost.

1. Financial assets

The purchase or disposal of financial assets classified in the same manner in customary transactions shall be subject to accounting on the date of transaction or settlement.

At the time of initial recognition, the financial assets are classified into the financial assets measured at amortized cost, investment in debt instrument at fair value through other comprehensive income, or financial assets at fair value through profit or loss. The Company would not reclassify all affected financial assets since the first date of next reporting period until it changes the financial assets management model.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(1) Financial assets measured at amortized cost

The financial assets which meet the following conditions but are not designated as those at fair value through profit or loss are measured at the amortized cost:

- The issuer holds the financial assets within a business model whose objective is to hold the financial asset to collect the contractual cash flows.
- 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.

The subsequent measurement of such assets shall be stated at the amount recognized initially, plus or minus accumulated amortizations calculated under effective interest method, and the amortized cost after adjustment on any loss provision. The interest revenue, foreign currency exchange gain or loss and impairment loss are stated into the income. The gain or loss is stated into income at the time of derecognition.

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

Equity investments not held for trading, for which the Company irrevocably elected at initial recognition to present changes in fair value in "other comprehensive income". Said election is made on an item-by-item basis.

The investment in equity instrument, if any, is measured at fair value subsequently. The dividend revenue is stated into income (unless it obviously represents the recovery of part of the investment). The other net profit or loss is stated into other comprehensive income, and is not reclassified into income.

The dividend revenue from equity investment is recognized on the date when the Company has the right to collect the dividend (on the ex-dividend date usually).

(3) Financial assets at fair value through profit or loss

Financial assets not measured at amortized cost or measured at fair value through other comprehensive income, but measured at fair value through profit or loss, including derivative financial assets. In order to eliminate or significantly reduce the accounting mismatch at the time of initial recognition, the Company may irrevocably designate the financial assets measured at amortized cost or at fair value through other comprehensive income as those at fair value through profit or loss.

The assets shall be measured at fair value subsequently. The net profit or loss thereof (including any stock dividend and interest revenue) is stated into income.

(4) Impairment on financial assets

The Company recognizes the loss provision at an amount equal to the lifetime expected credit losses of financial assets measured at amortized cost (including cash and cash equivalents, notes receivable and accounts receivable, other receivables, refundable deposits and other financial assets, etc).

The loss provision on the following financial assets is measured at an amount equal to the 12-month expected credit losses, while that on the other assets is measured at an amount equal to lifetime expected credit losses.

- The credit risk over bond securities is considered low on the reporting date; and
- The credit risk over the other bond securities and bank deposits has not increased significantly since initial recognition (namely, the risk over potential defaults within the expected lifetime of financial instruments).

The loss provision on accounts receivable is measured at an amount equal to lifetime expected credit loss.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

The lifetime expected credit loss represents the expected credit loss on financial instruments caused by potential defaults within the expected lifetime of the instruments.

The expected credit loss within 12 months represents the expected credit loss on financial instruments caused by potential defaults within 12 months after the reporting date (or a shorter term, if the expected lifetime of the financial instrument is shorter than 12 months).

The term measured for expected credit loss is no longer than the longest contract term in which the Company is exposed to the credit risk.

When determining whether the credit risk has increased significantly since the original recognition, the Company shall consider reasonable and supportable information (readily available without undue cost or investment), including qualitative and quantitative information, and the analysis based on the Company's historical experience, credit rating and forward-looking information.

If the contract payment is overdue for more than 30 days, the Company shall assume that the credit risk over the financial assets has increased significantly.

If the contract payment is overdue for more than 180 days, or the borrower is not likely to perform its credit obligation to repay the Company in full, the Company shall assume that the financial assets suffer default.

The expected credit loss refers to the weighted estimate based on the possibility of credit loss suffered by the financial instruments within the expected lifetime. The credit loss is measured based on the present value of cash short, namely the price difference between the cash flow collectible by the Company based on the contract and that expected by the Company to collect.

On each reporting date, the Company evaluates whether the financial assets measured at amortized cost and bond securities measured at fair value through other comprehensive income suffer any credit impairment. If the estimated future cash flow of the financial assets is affected adversely due to a single or multiple events occurring, the financial assets should be deemed suffering credit impairment. The evidence showing that financial assets have suffered credit impairment includes the following observable information:

- The borrower or issuer suffers significant financial difficulties.
- Default, e.g. payment deferred or overdue for more than 180 days;
- The concession by the Company on terms that it would not consider otherwise, with the economic or contractual reasons related to the borrower's financial difficulties;
- The borrower is likely to petition for bankruptcy or other financial reorganization; or
- The disappearance of an active market for the financial assets because of financial difficulties.

The loss provisions on financial assets measured at amortized cost are deducted from the carrying amount of the assets. For the investment in debt instruments at fair value through other comprehensive income, the loss provision is charged to profit or loss and is stated into other comprehensive income (without reduction in the carrying amount of the assets).

The gross carrying amount of a financial asset is written off directly when the Company has no reasonable expectations toward recovery of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation toward recovery. The Company expects no significant reversal from the amount written off. However, financial assets that are written off could still be subject to compulsory execution, in order to comply with the Company's procedures for recovery of overdue amounts.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset are terminated, or transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfer nor retain substantially all of the risks and rewards of ownership and they do not retain control over the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets shall still be stated into the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

The equity instruments refer to any contracts signifying the Company's residual equity after their assets less all of their liabilities. The equity instruments issued by the Company are recognized at the amount after the payment of acquisition less the direct issue cost.

(3) Treasury stock

When the equity instruments recognized by the Company are repurchased, the consideration paid by it (including directly attributable cost) is stated as the decrease in equity. The repurchased shares are classified as the treasury stocks. The amount collected from subsequent sale or re-issue of the treasury stocks is recognized as the increase in equity. Meanwhile, the surplus or loss generated from the transaction is recognized as the capital surplus or retained earnings (if the capital surplus is insufficient for the write-off).

(4) Compound financial instruments

The compound financial instruments issued by the Company refer to the convertible corporate bonds (denominated in NTD) which the holders may choose to convert into capital stock. The number of shares issued therefor remains unaffected by any changes in the fair value of such instruments.

The components of liabilities of compound financial instruments are initially measured at the fair value of the similar liabilities excluding the right to convert equity. The components of equity are initially measured at the price difference between the fair value of the entire compound financial instruments and fair value of the components of liabilities. Any directly attributable transaction cost is allocated to the components of liabilities and equity, subject to the proportion of the original carrying amount of liabilities and equity.

Upon the initial recognition, the components of liabilities of compound financial instruments are measured at the amortized cost using the effective interest method. The components of equity of compound financial instruments are not re-measured upon the initial recognition.

The interest related to financial liabilities is stated into income. The financial liabilities are reclassified into the equity at the time of conversion. The conversion is not stated into income.

(5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held for trading or derivative, or designated as such at the time of initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and the net gains and losses, including any interest expenses, are stated into income.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are stated into income. Any gain or loss on derecognition is also stated into income.

(6) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The consolidated entities also derecognize a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability and the total consideration paid or to be paid (including any non-cash assets transferred or liabilities assumed) is stated into income.

(7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(VII) Inventory

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs that meet the requisite asset capitalization as incurred in bringing the inventories to a useable location and condition.

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs for completion of the project and for completion of the sale. The net realizable value is verified in the following manners:

- (1) Land for construction: The net realizable value is based on the competent authority's estimate made subject to the current market condition.
- (2) Building under construction: The net realizable value is the estimated selling price (subject to the current market condition) less the estimated costs for completion of the project and selling expenses.
- (3) Available-for-sale house: The net realizable value is the estimated selling price (estimated by the competent authority subject to the current market condition) less the estimated costs generated at the time of sale of the real estate and selling expenses.

(VIII) Investment in subsidiaries

In compiling the parent company only financial statements, the Company shall value the investee of which the Company has dominant control under the equity method. Under the equity method, income of current period and other comprehensive incomes as presented in the parent company only financial statements shall be identical with the income of current period and other comprehensive incomes attributable to the proportion allocated to the owners of the parent as presented in the consolidated financial statements. The owners' equity as presented in the parent company only financial statements shall be identical with the equity attributed to the owners of parent presented in the consolidated financial statements.

Any change in the Company's ownership of any subsidiaries which did not result in loss of control is treated as the equity transaction with the owner.

(IX) Property, plant and equipment

1. Recognition and measurement

Recognition and measurement of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

If significant parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of property, plant and equipment is stated into income.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is stated into income on a straight-line basis over the estimated useful lives of each component of property, plant and equipment.

No depreciation is provided for land.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Other equipment	3~9 Year
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Depreciation methods, useful lives and residual values are reviewed by the Company at each reporting date, and adjusted if necessary.

(X) Lease

At inception of a contract, the Company assesses whether a 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.

1. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method 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. Additionally, the Company periodically assesses whether the right-of-use asset is impaired and deals with any impairment loss as incurred, and adjusts such asset in response to certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease that may be reliably determined, or the Company's incremental borrowing rate, if that rate cannot be reliably determined.

Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (1) Fixed payments, including substantive fixed payments;
- (2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) Amounts expected to be payable under a residual value guarantee; and
- (4) Payments for purchase options, or fine for termination options, that are reasonably certain to be exercised.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (1) there is a change in future lease payments arising from the change in an index or rate applied to decide the lease payments; or
- (2) there is a change in the consolidated entities' estimate of the amount expected to be payable under a residual value guarantee; or
- (3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset;
- (4) there is a change in the lease term resulting from a change of its assessment on whether it will exercise a extension or termination option; or
- (5) there are any amendments to the subject matter, scope or other terms of the lease.

When the lease liability is remeasured due to the change in an index or rate applied to decide the lease payments, the change in the estimate of the amount expected to be payable under a residual value guarantee and the change of the assessment on whether it will exercise a purchase, extension or termination option, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and the residual remeasured amount is stated into the income when the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the consolidated entities account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and state into income any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of employee dormitory, parking lots, office premises and other equipment and leases of low-value assets. The Company recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. As a lessor

When the Company acts as a lessor, they make an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset at the lease commencement. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(XI) Intangible assets

1. Recognition and measurement

Other intangible assets with limited useful years that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is stated into income as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Cost of computer software

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Depreciation methods, useful lives and residual values of intangible assets are reviewed by the Company at each reporting date, and adjusted if necessary.

(XII) Impairment on non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the recoverable amount of an asset or CGU is lower than its carrying amount.

Impairment losses are stated into income immediately. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(XIII) Recognition of revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the consolidated entities expect to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

(1) Sales of real estate

The Company engages in sale of real estate, and frequently the pre-sale of real estate during or before the construction. The Company recognizes revenue at the time when their control over the real estate is transferred. Subject to the contractual requirements, for the Company, the real estate generally is not intended for any other purposes. For identification of the year which the income from completion and settlement should be attributed to, the Company considers the control transferred upon completion and settlement of the project and also registration of transfer of the title, and then recognize the revenue.

The revenue is measured at the transaction cost per the contract. In the case of pre-sale real estate, the payment is generally collected in installments from execution of the contract until the real estate is transferred to customers. The earned receipts are recognized as the contract liabilities. The interest expenses and contract liabilities are recognized when the impact posed by time value of money is adjusted. The amount of accumulated contract liabilities is restated as revenue when the real estate is transferred to customers.

(2) Financing components

The consolidated entities do not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer for the goods or services exceeds one year. Meanwhile, the consideration for the commitment under real estate sales contracts and the present sale value are not indifferent, and are free from significant financing factors; therefore, no significant financial components exist. As a consequence, the consolidated entities do not adjust any of the transaction prices for the time value of money.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

2. Customer contract cost

(1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expect to recover those costs. The incremental costs of obtaining a contract are those costs that the consolidated entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entities otherwise would have recognized is one year or less.

(2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 "Inventories," IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Company recognizes an asset from the costs incurred to fulfill a contract only if the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify, the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when they are incurred.

(XIV) Operating expenses

The commission expenditure that is incurred for pre-sale of real estate is stated as prepaid sales expenses at first when it is incurred, and then deferred, based on the principle of matching costs with revenues, and re-stated as current expenses when the house sale revenue is acknowledged.

(XV) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are stated as the employee benefit expenses under the title of income as the related service is provided.

2. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(XVI) Share-based payment transactions

The transaction is share-based payment for settlement of equity. Under the share-based payment agreement, the fair value of equity instruments on the date of granting are recognized as expenses and the equity shall be increased relatively during the vested period for the remuneration. The recognized expenses are adjusted based on the quantity of remuneration expected to meet service conditions and non-market value vested conditions. The amount recognized ultimately is measured based on the quantity of remuneration expected to service conditions and non-market value vested conditions on the vested date.

The non-vested conditions related to share-based payment has been reflected in the measurement of fair value on the grant date of share-based payment. It is not necessary to verify or adjust the difference between the expectation and actual result.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

When issuing employee stock warrants, the date of granting means the date when the number of shares which the employees subscribe for is verified.

(XVII) Income tax

Income tax comprises current and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred income taxes shall be stated into income.

The current income tax comprises the expected tax payable or receivable on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount is the best estimate of the tax amount expected to be paid or received as measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax arises due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. except in the following circumstances, no deferred income tax shall be recognized:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the consolidated entities are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities may be offset against each other by the Company only when the following conditions are met:

1. When the consolidated entities have a legally enforceable right to offset the current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (1) the same taxable entity; or
 - (2) different taxable entities which intend to settle current income tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

Deferred income tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(XVIII) Business combination

The Company had the right to direct the voting rights of a majority of the Board members, and personnel, finance and business administration of MYSON CENTURY INC. in Q3 of 2021, and also acquired the control over the company as it was managed by its Board of Director. Therefore, since Q3 of 2021, the Company have started to apply the accounting policy related to business combination.

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured at the fair value of the transfer consideration on the date of acquisition, including the amount of non-controlling equity vested in the acquiree, less the identifiable assets as acquired and liabilities as assumed (generally the fair value). If the amount calculated above is a deficit balance, the Company states that amount as the gain recognized in bargain purchase transaction into income immediately after reassessing whether they have correctly identified all of the assets acquired and all of the liabilities assumed.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

All transaction costs related to business combination are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the consolidated company measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the acquiree's non-controlling equity is present ownership interest and entitle their holders to a proportionate share of the consolidated company's net assets in the event of liquidation. Other components of non-controlling equity are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

If the original accounting treatment of business combination has not been completed by the reporting period in which the combination transaction occurs, the Company recognizes the accounting titles which have not yet been completed based on provisional amounts, and during the measurement period, retrospective adjustments are made or additional assets or liabilities are recognized to reflect the obtained new information about the facts and circumstances that existed on the acquisition date. The measurement period shall be no more than one year as of the acquisition date.

The Company adopts the book value approach, instead of the acquisition method, to treat the business combination under reorganization.

(XIX) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributed to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributed to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit or loss attributed to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. The Company's potentially dilutive ordinary shares include convertible corporate bonds, employee stock options, and employee remuneration that may be allocated in the form of stocks.

(XX) Segment information

The Company has disclosed the segment information in the consolidated financial statements. Therefore, no such information is disclosed herein.

V. Significant accounting judgments, and major sources of estimation and assumption uncertainty

When preparing these parent company only financial statements according to the Regulations Governing the Preparation of Financial Reports, the management must make judgments, estimates and assumptions. Such judgments, estimates and assumptions have influence on the adoption of accounting policies and the reported numbers of assets, liabilities, Income and expenses. Actual results may differ from estimates.

The management continues to monitor the accounting estimates and basic assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the future period.

The information about the accounting policies requiring significant judgment and rendering significant effects to the amounts recognized in the consolidated financial statements in order to judge whether the investee has substantial control:

The Company holds 17.06% of the voting shares of MYSON CENTURY, INC. on December 31, 2021, as the largest shareholder of MYSON CENTURY, INC., while the other 82.94% of the voting shares are not concentrated on specific shareholders. The Company had the right to direct the voting rights of a majority of that company's Board members in July 2021, and acquired control over that company as that company is controlled by its Board of Directors.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

The information about the uncertainty in hypotheses and estimates that result in the significant risk over significant adjustment on the carrying amount of assets and liabilities in next fiscal year and that already reflect the effects posed by COVID-19 epidemic:

(I) Inventory valuation

As the inventory shall be measured at the lower of the cost and net realizable value, the Company evaluates the amounts of inventory which suffers normal wear and tear, is outdated, or becomes unmarketable at the reporting date, and writes off the inventory cost to the net realizable value. Considering that the inventory valuation is estimated based on the demand for products in the future specific period, significant changes might result from the rapid market demand transformation and the effects posed by politics, economy and real estate tax system reform. For the estimation of inventory valuation, please refer to Note VI(IV) for details.

(II) Evaluation on impairment on goodwill included in the investment in subsidiaries

The carrying amount of investment in investees includes the goodwill identified at the time of initial investment. The goodwill impairment is evaluated by the Company to its sole discretion, including identifying the CGUs and amortizing goodwill into the related CGUs, and deciding the recoverable amount of related CGUs. Any changes in the economic condition or the Company's strategies might render significant impacts to the evaluation results. For the details about evaluation on goodwill impairment, please refer to Note VI(V).

VI. Explanation of important accounting titles

(I) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash and petty cash	\$ 434	422
Check deposits and demand deposits	200,046	151,691
Cash and cash equivalents in Cash Flow Statement	<u>\$ 200,480</u>	<u>152,113</u>

Please refer to Note VI(XX) for the analysis on interest rate risk and sensitivity of the Company's financial assets and liabilities.

(II) Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
- Non-current:		
Embedded derivatives - put option/right of redemption for convertible corporate bonds	\$ -	2,081
Financial liabilities mandatorily measured at fair value through profit or loss		
- Current:		
Embedded derivatives - put option/right of redemption for convertible corporate bonds	\$ 96	-
Financial liabilities mandatorily measured at fair value through profit or loss		
- Non-current:		
Embedded derivatives - put option/right of redemption for convertible corporate bonds	\$ 1,417	-

For the remeasurement of fair value stated into the income, please refer to Note VI(XIX).

The Company's financial assets at fair value through profit or loss were not pledged as collateral.

As Lehman Brothers Holdings Inc. and Lehman Brothers Treasury Co. B.V. petitioned for bankruptcy and the related legal procedures were pending, the carrying amount of the "monthly income USD-denominated structured bonds" held by the Company has been adjusted as NT\$0 thousand.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

The Company recognized the gains on reversal, NT\$10 thousand and NT\$60 thousand, as a result of the redemption of certain structured notes by the First Commercial Bank in 2022 and 2021, stated into other gains and losses in the Statement of Comprehensive Income.

(III) Other receivables

	December 31, 2022	December 31, 2021
Other receivables - loaning to subsidiaries	\$ 50,000	100,000
Other receivables - related party	8,380	7,861
Less: Loss provision	-	-
	<u>\$ 58,380</u>	<u>107,861</u>

For the information about credit risk, please refer to Note VI(XX).

(IV) Inventory

	December 31, 2022	December 31, 2021
Land for construction		
Construction land	\$ 1,776,293	1,776,293
Land for transfer floor area	261,015	-
	<u>2,037,308</u>	<u>1,776,293</u>
Land under construction	485,405	929,547
Building under construction	310,239	1,676,683
Available-for-sale house	2,008,037	228,538
Available-for-sale land	263,450	41,329
Subtotal	<u>3,067,131</u>	<u>2,876,097</u>
Total	<u>\$ 5,104,439</u>	<u>4,652,390</u>

The inventory costs recognized as the cost of goods sold and sale expenses in 2022 and 2021 were NT\$976,192 thousand and NT\$237,563 thousand, respectively.

For the amount of capitalized interest, please refer to Note VI(XIX). The annual interest rates of capitalization were 2.10%~2.60% and 2.245%~2.47% in 2022 and 2021.

For the Company's inventories pledged as collaterals, please refer to Note VIII.

(V) Investment under equity method

The Company's investment under equity method at the end of the financial reporting period is listed as follows:

	December 31, 2022	December 31, 2021
Subsidiary	<u>\$ 532,168</u>	<u>526,621</u>

1. Subsidiaries

Please refer to the 2022 consolidated financial statements.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

2. Acquisition of the subsidiary, MYSON CENTURY, INC.

The Company acquired 17.01% of the equity of MYSON CENTURY, INC. via the transaction on TWSE in April 2021, and became the largest shareholder of MYSON CENTURY, INC.. Accordingly, the Company may exercise significant influence over it. Then, the Company had the right to direct the voting rights of a majority of the Board members of MYSON CENTURY, INC. on July 1, 2021, and also acquired the control over the company as it was managed by its board of directors. Meanwhile, since the date when the Company acquired the control, MYSON CENTURY, INC. has been included into the consolidated entities. The loss on disposal, NT\$13,748 thousand, was recognized based on the remeasurement of fair value, which was stated as other gains and losses. MYSON CENTURY, INC. is primarily engaged in R&D, manufacturing and trading of hybrid digital analog and pure digital analog integrated circuit products.

The transfer consideration, assets acquired and liabilities assumed, and goodwill recognized on the date of acquisition are stated as follows:

(1) The fair value of transfer consideration on the date of acquisition is stated as follows:

	July 1, 2021
Stocks of MYSON CENTURY, INC. (10,203 thousand common shares)	\$ <u>65,302</u>

(2) Identifiable net assets acquired

The fair value of the identifiable assets acquired and liabilities assumed from MYSON CENTURY, INC. on July 1, 2021 (date of acquisition) is detailed as follows:

Item	Amount
Cash and Cash Equivalents	\$ 110,835
Other current assets	1,702
Investment under equity method	7,606
Property, plant and equipment	63,724
Right-of-use assets	13,603
Intangible assets	499
Other non-current assets	1,742
Lease liability - current	(276)
Other current liabilities	(2,711)
Deferred income tax liabilities	(4,568)
Lease liability - non-current	(13,589)
Other non-current liabilities	(230)
Fair value of identifiable net assets	\$ <u>178,337</u>

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(3) Goodwill

The goodwill recognized due to the acquisition is detailed as follows:

Item	Amount
Transfer consideration - stocks of MYSON CENTURY, INC.	\$ 65,302
Add: Non-controlling equity (measured at the proportion of identifiable net assets to the non-controlling equity)	148,009
Less: Fair value of identifiable assets acquired and liabilities assumed	(178,337)
Goodwill	<u>\$ 34,974</u>

The goodwill identified by the Company when making the investment is included into the carrying amount of the investment under equity method - subsidiary. The goodwill is primarily generated from MYSON's profitability in the future market development. As the effect fails to satisfy the recognition conditions on identifiable intangible assets, it is not stated separately from the goodwill. no income tax effect is expected to be produced by the recognized goodwill.

3. Goodwill impairment test

The Company acquired MYSON CENTURY, INC. and thereby generated the goodwill, NT\$34,974 thousand, on July 1, 2021. In accordance with IAS 36, the goodwill acquired from business combination shall be tested for impairment at least each year. The goodwill impairment test allocates the goodwill to the CGU benefited from the consolidated effects of the combination. MYSON CENTURY, INC. are the CGUs that may generate independent cash flows by themselves. Therefore, the goodwill impairment provision is decided through calculation of the recoverable amount and carrying amount of MYSON CENTURY, INC..

The CGU refers the lowest level unit of the management which regulates the return on investment including goodwill assets. According to the results of the goodwill impairment test conducted by the Company against MYSON CENTURY, INC., the recoverable amounts decided by MYSON CENTURY, INC. based on the value in use on December 31, 2022 and 2021 were NT\$46,814 thousand and NT\$61,960 thousand, higher than its carrying amounts. Therefore, it is not necessary to recognize any impairment loss.

The key assumptions applied to the estimation of value in use are stated as follows:

	December 31, 2022	December 31, 2021
YoY of operating revenue	10%	10%
Discount rate	11.14%	7.82%

(1) The estimated future cash flows as applied refer to the five-year financial budget estimated by the management based on the future business planning. The cash flows beyond five years are estimated using the YoY by 1.5%.

(2) The discount rate to decide the value in use is estimated based on the weighted average cost of capital.

4. In September 2021, the Company sold the whole equity of BOROMI to the subsidiary, Shangyu, through reorganization.

5. Acquisition of non-controlling equity

The Company increased its capital by NT\$91,700 thousand in cash to acquire 8.42% of the equity of the indirect subsidiary, FEEI, in December 2021.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Effects produced by the changes in the Company's ownership and equity of FEEI to the equity attributed to owners of the parent are stated as follows:

	<u>Amount</u>
Carrying amount of non-controlling equity acquired	\$ 96,849
Consideration paid to non-controlling equity	(91,700)
Capital surplus - Difference between the price and carrying amount of the subsidiary's equity as acquired or disposed of	<u>\$ 5,149</u>

6. The Company's investment under equity method was not pledged as collaterals on December 31, 2022 and 2021.

(VI) Property, plant and equipment

The changes in the property, plant and equipment of the Company are detailed as follows:

	<u>Other equipment</u>
Cost or deemed cost:	
Balance on January 1, 2022	\$ 17,274
Additions	194
Disposal	(3,420)
Balance on December 31, 2022	<u>\$ 14,048</u>
Balance on January 1, 2021	\$ 19,628
Additions	438
Disposal	(2,792)
Balance on December 31, 2021	<u>\$ 17,274</u>
Accumulated depreciation and impairment losses:	
Balance on January 1, 2022	\$ 12,629
Depreciation in the current period	1,423
Disposal	(3,420)
Balance on December 31, 2022	<u>\$ 10,632</u>
Balance on January 1, 2021	\$ 13,671
Depreciation in the current period	1,559
Disposal	(2,601)
Balance on December 31, 2021	<u>\$ 12,629</u>
Carrying amount:	
December 31, 2022	<u>\$ 3,416</u>
December 31, 2021	<u>\$ 4,645</u>
January 1, 2021	<u>\$ 5,957</u>

The Company's property, plant and equipment were not pledged as collaterals on December 31, 2022 and 2021.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(VII) Right-of-use assets

The changes in the cost and accumulated depreciation of the land, house and building and transportation equipment leased by the Company are detailed as follows:

	Land	Building and structure	Transportati on equipment	Total
Cost of right-of-use assets:				
Balance on January 1, 2022 (namely, the balance on December 31, 2022)	\$ -	12,095	-	12,095
Balance on January 1, 2021	\$ 347	14,631	2,053	17,031
Decrease	(347)	(2,536)	(2,053)	(4,936)
Balance on December 31, 2021	\$ -	12,095	-	12,095
Accumulated depreciation of the right-of-use assets:				
Balance on January 1, 2022	\$ -	4,733	-	4,733
Provision of depreciation	-	1,577	-	1,577
Balance on December 31, 2022	\$ -	6,310	-	6,310
Balance on January 1, 2021	\$ 231	5,254	704	6,189
Provision of depreciation	116	2,015	770	2,901
Decrease	(347)	(2,536)	(1,474)	(4,357)
Balance on December 31, 2021	\$ -	4,733	-	4,733
Carrying amount:				
December 31, 2022	\$ -	5,785	-	5,785
December 31, 2021	\$ -	7,362	-	7,362
January 1, 2021	\$ 116	9,377	1,349	10,842

(VIII) Intangible assets

The Company's intangible assets are detailed as follows:

	Computer software
Cost:	
Balance on January 1, 2022	\$ 4,325
Acquired independently	796
Balance on December 31, 2022	\$ 5,121
Balance on January 1, 2021	\$ 4,055
Acquired independently	270
Balance on December 31, 2021	\$ 4,325

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

	Computer software
Accumulated amortization and impairment losses:	
Balance on January 1, 2022	\$ 3,954
Amortized in the current period	333
Balance on December 31, 2022	<u><u>\$ 4,287</u></u>
Balance on January 1, 2021	\$ 3,609
Amortized in the current period	345
Balance on December 31, 2021	<u><u>\$ 3,954</u></u>
Carrying amount:	
December 31, 2022	<u><u>\$ 834</u></u>
December 31, 2021	<u><u>\$ 371</u></u>
January 1, 2021	<u><u>\$ 446</u></u>

The amortization expenses for intangible assets in 2022 and 2021 are stated as the operating expenses in the Statement of Comprehensive Income. Please refer to Note XII.

(IX) Short-term loans

	December 31, 2022	December 31, 2021
Secured bank loans	\$ 2,346,282	2,716,260
Unsecured loan of non-bank financial institutions	39,995	12,567
Total	<u><u>\$ 2,386,277</u></u>	<u><u>2,728,827</u></u>
Unused short-term credit lines	<u><u>\$ 1,857,920</u></u>	<u><u>367,360</u></u>
Interest rate range	<u><u>2.6%~4.66%</u></u>	<u><u>1.95%~3.5%</u></u>

For the interest expenses, please refer to Note VI(XIX).

For the Company's assets mortgaged to secure the bank loans, please refer to Note VIII.

(X) Lease liabilities

The Company's lease liabilities are stated as follows:

	December 31, 2022	December 31, 2021
Current	\$ 1,605	1,568
Non-current	4,644	6,248
	<u><u>\$ 6,249</u></u>	<u><u>7,816</u></u>

For the expiration analysis, please refer to Note VI(XX).

The amount recognized into profit or loss is stated as follows:

	2022	2021
Interest expenses on lease liabilities	<u><u>\$ 165</u></u>	<u><u>222</u></u>
Short-term lease expenses	<u><u>\$ 470</u></u>	<u><u>608</u></u>
Low-value underlying lease asset expenses (exclusive of low-value lease in the short-term leases)	<u><u>\$ 96</u></u>	<u><u>106</u></u>

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Amount recognized into the Cash Flow Statement is stated as follows:

	2022	2021
Total cash outflow from leases	\$ 2,298	3,750

1. Lease of land, house and building

The Company leases the land, house and building as the land used to store construction materials and for offices premises and reception centers. The lease term of the land used to store construction materials is 3 years. The lease term of the office premises is 3~ 8 years, and the lease term of the reception center 2~3 years.

2. Other leases

The lease term of the transportation equipment rented by the Company is 2 years.

The Company leases the employee dormitory, parking lots, offices and other equipment for the lease term of 1 to 5 years. Such lease is a short-term or low-value underlying lease. The Company decides to apply recognition exemptions to refrain from recognizing related right-of-use assets and lease liabilities for such short-term or low-value underlying lease.

(XI) Corporate bonds payable

1. Domestic convertible corporate bonds payable

	December 31, 2022	December 31, 2021
Total amount for Issuance of convertible corporate bonds	\$ 800,000	1,300,000
Accumulated conversion amount	(427,100)	(756,900)
Accumulated redeemed amount	-	(67,300)
Balance of corporate bonds payable discounted but not yet amortized	(13,272)	(21,397)
Less: a current portion	(129,940)	-
Balance of corporate bonds payable, ending	\$ 229,688	454,403
Embedded derivatives - put option and right of redemption (stated as the financial assets at fair value through profit or loss)	\$ -	2,081
Embedded derivatives - put option and right of redemption (stated as the financial liabilities at fair value through profit or loss)	\$ 1,513	-
Elements of equity - right of conversion (stated as capital surplus-employee stock options)	\$ 17,237	21,840
	2022	2021
Embedded derivatives - valuation gains on put option and right of redemption (stated as the valuation gains (losses) on financial assets/liabilities at fair value through profit or loss)	\$ (2,979)	9,860
Interest expenses (Note)	\$ (5,466)	(15,809)

Note: The effective interest rates for the 3rd and 4th secured corporate bonds and 5th unsecured corporate bonds issued by the Company are 1.23%, 0.82% and 2.68%, respectively.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

The Company has repaid the corporate bonds payable, which have expired but not yet been converted, NT\$67,300 thousand, at the par value of the bonds on November 19, 2021.

For the information about the common shares converted by the Company as a result of the convertible corporate bond holders' exercise of the right of conversion in 2022 and 2021, please refer to Note VI(XIV).

2. The Company issued the domestic 3rd secured convertible corporate bonds on November 7, 2018, primarily on the following terms and conditions:

- (1) Total issued amount: NT\$500,000 thousand
- (2) Issue price: Issued at par value, NT\$100 thousand.
- (3) Coupon rate: 0%
- (4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, or those redeemed upon exercise of the put option according to Article 19 of the Regulations, and those redeemed by the Company earlier pursuant to Article 18 of the Regulations, the others would be repaid in cash in full amount upon maturity.
- (5) Issuance period: 3 years (from November 7, 2018 to November 7, 2021)
- (6) Conversion period:

The bond holders may ask the Company to convert the convertible corporate bonds hold by them into the Company's common shares from the day following expiration of three months after the bonds were issued (February 8, 2019) until expiration of the bonds (November 7, 2021), other than (I) the period for suspension of transfer registration of common stock required by laws, (II) 15 business days prior to the date for suspension of transfer registration of allocated bonus shares requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights, and from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease.

- (7) Conversion price and adjustment thereof:

The conversion price at the time of issuance shall be NT\$20.1 per share. Notwithstanding, if any of the following conditions is met upon the issuance of the convertible corporate bonds, the conversion price shall be adjusted based on the formula defined by the issuance terms:

- A. In the event of an increase in the number of common shares issued by the Company or offered by the Company in private placement, except the conversion of various securities with the right of conversion to common shares or stock options as issued by the Company or offered by the Company in private placement into common shares.
- B. In the event of the cash dividends on common shares distributed by the Company to the current value per share exceeding 1.5%.
- C. In the event of the Company's further issuance or private placement of various securities with the right of conversion to common shares or stock options at the conversion or stock option price less than the current price per share.
- D. In the event of the Company's capital decrease resulting from any causes other than cancelation of treasury stocks and thereby resulting in the decrease in common shares.

Per the resolution of the shareholders' meeting on June 24, 2019, the Company distributed the cash dividends on common shares and thereby caused the conversion price to be adjusted as NT\$14.7 on August 7, 2019.

- (8) Put option:

The bond holders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, upon expiration of two years after issuance of the bonds (November 7, 2020). The creditor may demand that the Company should redeem the convertible corporate bonds held by him in cash at the book value of the bond plus the interest compensation [i.e. 101.0025% (the real yield rate 0.5%) upon expiration of two years].

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(9) Right of redemption:

If any of the following conditions is met from the day following expiration of three months after the issuance (February 8, 2019) until 40 days prior to expiration of the issuance period (September 28, 2021), the Company may recall the convertible corporate bonds according to the regulations governing issuance and conversion of corporate bonds (the "Regulations"):

- A. if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days;
- B. if the balance of the outstanding bonds is less than NT\$50,000 thousand (10% of the initial total issue price).

(10) According to the Regulations, all of the convertible corporate bonds recalled (including those repurchased from OTC markets), repaid or converted by the Company will be canceled, and no longer sold or issued again. The right of conversion attached thereto shall be extinguished accordingly.

3. The Company issued the domestic 4th secured convertible corporate bonds on January 29, 2021, primarily on the following terms and conditions:

- (1) Total issued amount: NT\$400,000 thousand
- (2) Issue price: Issued at 101% of the par value, NT\$100 thousand.
- (3) Coupon rate: 0%
- (4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, those redeemed upon exercise of the put option according to Article 19 of the Regulations, those redeemed by the Company earlier pursuant to Article 18 of the Regulations, or those repurchased by the Company from OTC markets for cancellation, the others would be repaid in cash in full amount upon maturity.
- (5) Issuance period: 5 years (from January 29, 2021 to January 29, 2026)
- (6) Conversion period:

The bond holders may ask the Company to convert the convertible corporate bonds hold by them into the Company's common shares from the day following expiration of three months after the bonds were issued (April 30, 2021) until expiration of the bonds (January 29, 2026), other than (I) the period for suspension of transfer registration of common stock required by laws, (II) 15 business days prior to the date for suspension of transfer registration of allocated bonus shares requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights, (III) from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease, (IV) from the commencement date of suspension of conversion until the day when the swap of new shares starts.

(7) Conversion price and adjustment thereof:

The conversion price at the time of issuance shall be NT\$14.9 per share. Notwithstanding, if any of the following conditions is met upon the issuance of the convertible corporate bonds, the conversion price shall be adjusted based on the formula defined by the issuance terms:

- A. In the event of an increase in the number of common shares issued by the Company or offered by the Company in private placement, except the conversion of various securities with the right of conversion to common shares or stock options as issued by the Company or offered by the Company in private placement into common shares.
- B. In the event of the cash dividends on common shares distributed by the Company.
- C. In the event of the Company's further issuance or private placement of various securities with the right of conversion to common shares or stock options at the conversion or stock option price less than the current price per share.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

D. In the event of the Company's capital decrease resulting from any causes other than cancelation of treasury stocks and thereby resulting in the decrease in common shares.

The Company carried out the capital reduction to compensate the deficit on August 23, 2022 and thereby caused the reduction in the common shares. The Board of Directors resolved to adjust the corporate bond conversion price as NT\$16.2.

(8) Put option:

The bond holders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, upon expiration of three years after issuance of the bonds (January 29, 2024). The creditor may demand that the Company should redeem the convertible corporate bonds held by him in cash at the book value of the bond plus the interest compensation [i.e. 100.75% (the real yield rate 0.25%) upon expiration of three years].

(9) Right of redemption:

If any of the following conditions is met from the day following expiration of three months after the issuance (April 30, 2021) until 40 days prior to expiration of the issuance period (December 20, 2025), the Company may recall the convertible corporate bonds according to the Regulations:

- A. if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days;
- B. if the balance of the outstanding bonds is less than NT\$40,000 thousand (10% of the initial total issue price).

(10) According to the Regulations, all of the convertible corporate bonds recalled (including those repurchased from OTC markets), repaid or converted by the Company will be canceled, and no longer sold or issued again. The right of conversion attached thereto shall be extinguished accordingly.

The balance of said convertible corporate bonds is secured by Jih Sun International Bank as the guarantor. According to the contract for guarantee on issuance of the convertible corporate bonds between the Company and Jih Sun International Bank, in the duration of the contract, the Company shall provide its bank deposits, NT\$193,181 thousand, to secure the convertible corporate bonds. Please refer to Note VIII.

4. The Company issued the domestic 5th secured convertible corporate bonds on February 1, 2021, primarily on the following terms and conditions:

- (1) Total issued amount: NT\$400,000 thousand
- (2) Issue price: Issued at par value, NT\$100 thousand.
- (3) Coupon rate: 0%
- (4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, those redeemed upon exercise of the put option according to Article 19 of the Regulations, those redeemed by the Company earlier pursuant to Article 18 of the Regulations, or those repurchased by the Company from OTC markets for cancellation, the others would be repaid in cash in full amount upon maturity.
- (5) Issuance period: 3 years (from February 1, 2021 to February 1, 2024)
- (6) Conversion period:

The bond holders may ask the Company to convert the convertible corporate bonds hold by them into the Company's common shares from the day following expiration of three months after the bonds were issued (May 2, 2021) until expiration of the bonds (February 1, 2024), other than (I) the period for suspension of transfer registration of common stock required by laws, (II) 15 business days prior to the date for suspension of transfer registration of allocated bonus shares requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights, (III) from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease, (IV) from the commencement date of suspension of conversion until the day when the swap of new shares starts.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(7) Conversion price and adjustment thereof:

The conversion price at the time of issuance shall be NT\$11.6 per share. Notwithstanding, if any of the following conditions is met upon the issuance of the convertible corporate bonds, the conversion price shall be adjusted based on the formula defined by the issuance terms:

- A. In the event of an increase in the number of common shares issued by the Company or offered by the Company in private placement, except the conversion of various securities with the right of conversion to common shares or stock options as issued by the Company or offered by the Company in private placement into common shares.
- B. In the event of the cash dividends on common shares distributed by the Company.
- C. In the event of the Company's further issuance or private placement of various securities with the right of conversion to common shares or stock options at the conversion or stock option price less than the current price per share.
- D. In the event of the Company's capital decrease resulting from any causes other than cancelation of treasury stocks and thereby resulting in the decrease in common shares.

The Company carried out the capital reduction to compensate the deficit on August 23, 2022 and thereby caused the reduction in the common shares. The Board of Directors resolved to adjust the corporate bond conversion price as NT\$12.6.

(8) Put option:

The bond holders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, upon expiration of two years after issuance of the bonds (February 1, 2023). The creditor may demand that the Company should redeem the convertible corporate bonds held by him in cash at the book value of the bond plus the interest compensation [i.e. 104.04% (the real yield rate 2%) upon expiration of three years].

(9) Right of redemption:

If any of the following conditions is met from the day following expiration of three months after the issuance (May 2, 2021) until 40 days prior to expiration of the issuance period (December 23, 2023), the Company may recall the convertible corporate bonds according to the Regulations:

- A. if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days;
- B. if the balance of the outstanding bonds is less than NT\$40,000 thousand (10% of the initial total issue price).

(10) According to the Regulations, all of the convertible corporate bonds recalled (including those repurchased from OTC markets), repaid or converted by the Company will be canceled, and no longer sold or issued again. The right of conversion attached thereto shall be extinguished accordingly.

(XII) Employee benefits

Defined contribution plans

The defined contribution plan of the Company is based on the Labor Pension Act. An amount equivalent to 6% of the monthly wages is appropriated to the Labor Pension personal accounts at the Bureau of Labor Insurance. In the plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the Company has no legal or constructive obligation to make additional contribution.

The Company's pension expenses as of 2022 and 2021 under the defined contribution plans amounted to NT\$1,084 thousand and NT\$1,180 thousand, respectively, and already contributed to the Bureau of Labor Insurance.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(XIII) Income tax

1. The Company's income tax expenses are detailed as follows:

	<u>2022</u>	<u>2021</u>
Income tax expenses for the current period		
Land value increment tax	\$ 5,694	660
Deferred income tax expenses (gains)		
Occurrence and reversal of temporary difference	2	(209)
Income tax expenses	<u>\$ 5,696</u>	<u>451</u>

2. The income tax expenses recognized by the Company as other comprehensive income in 2022 and 2021 are stated as follows:

	<u>2022</u>	<u>2021</u>
Items not reclassified into income:		
Remeasurement of defined benefit plan	\$ 28	5

3. The relationship between the Company's income tax expenses and net profit (loss) before tax is adjusted as follows:

	<u>2022</u>	<u>2021</u>
Income (loss) before tax	\$ 145,774	(85,179)
Income tax calculated based on the income tax rate of the country the Company operates	29,155	(17,035)
Tax-free income from land	(53,640)	(2,397)
Land value increment tax	5,694	660
Effect of investment gain (loss) recognized under equity method	(3,187)	(11,161)
Valuation gains or losses on financial assets at fair value through profit or loss	-	986
Non-deductible expenses	1,726	6,185
Unrecognized changes in temporary difference	779	771
Current taxation loss of unrecognized deferred income tax assets	37,269	22,636
Capital decrease by the subsidiary for accumulated deficit	(12,102)	-
Tax difference on disposal of investment gains under equity method	-	14
Deferred income tax assets and overestimation of liabilities in the previous period	2	(208)
	<u>\$ 5,696</u>	<u>451</u>

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

4. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The items not recognized by the Company as deferred income tax assets are stated as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	\$ 129,234	125,337
Taxation loss	862,737	820,797
	<u>\$ 991,971</u>	<u>946,134</u>

According to the Income Tax Act, taxation may be made on its net income after deduction of losses incurred in the preceding ten years as verified and determined by the competent tax collection authority from the current income. Said items were not recognized as deferred income tax assets, because the Company evaluated that they were not likely to have sufficient taxable income to cover the losses.

As of December 31, 2022, the deduction period of the taxation loss of items which have not yet been recognized deferred income tax assets by the Company is as follows:

Year of loss	Uncredited loss	Last year for deduction
Authorized in 2013	\$ 60,330	2023
Authorized in 2014	142,488	2024
Authorized in 2015	85,957	2025
Authorized in 2016	82,574	2026
Authorized in 2017	22,012	2027
Authorized in 2019	66,154	2029
Authorized in 2020	135,391	2030
Declared in 2021	90,499	2031
Expected to be declared in 2022	177,332	2032
	<u>\$ 862,737</u>	

(2) Unrecognized deferred income tax liabilities: None.

(3) Recognized deferred income tax assets and liabilities

The changes in the deferred income tax assets and liabilities in 2022 and 2021 are as follows:

Deferred income tax assets:

	Allowance for bad debts	Others	Total
Balance on January 1, 2022	\$ 148	51	199
Debit profit and loss	-	(2)	(2)
Balance on December 31, 2022	<u>\$ 148</u>	<u>49</u>	<u>197</u>
Balance on January 1, 2021	\$ 148	49	197
Credit profit and loss	-	2	2
Balance on December 31, 2021	<u>\$ 148</u>	<u>51</u>	<u>199</u>

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Deferred income tax liabilities:

	<u>Others</u>
Balance on January 1, 2021	\$ 207
Credit profit and loss	(207)
Balance on December 31, 2021	<u>\$ -</u>

5. The income tax expenses recognized by the Company into equity and other comprehensive directly were both NT\$0.
6. The income tax returns of the Company's profit-seeking business have been authorized by the competent tax collection authority up to 2020.

(XIV) Capital and other equity

The total authorized capital-common stocks of the Company were both NT\$5,000,000 thousand at the par value of NT\$10 per share, divided into 500,000 thousand shares respectively, as of December 31, 2022 and 2021. The shares issued refer to the common stocks totaling 219,042 thousand shares and 232,546 thousand shares, respectively, and all the capital funds for the outstanding shares have been received.

The outstanding stock of the Company (Unit: Thousand Shares) in 2022 and 2021 is adjusted as follows:

	<u>Common stock</u>	
	<u>2022</u>	<u>2021</u>
Balance on January 1	232,546	184,678
Capital decrease for accumulated deficit	(18,604)	-
Conversion of corporate bonds	7,406	52,700
Cancellation of treasury stock	(2,306)	(4,832)
Balance on December 31	<u>219,042</u>	<u>232,546</u>

1. Issuance of common stock

7,406 thousand new shares were issued at the par value upon the convertible corporate bond holders' exercise of the right of conversion in 2022. The total amount was NT\$74,063 thousand. After taking into consideration the corporate bond discount, financial assets at fair value through profit or loss and capital surplus-corporate bond stock options, the Company recognized the capital surplus-convertible corporate bond conversion premium, NT\$30,166 thousand. The related statutory registration procedures have been completed by December 31, 2022.

52,700 thousand new shares were issued at the par value upon the convertible corporate bond holders' exercise of the right of conversion in 2021. The total amount was NT\$527,001 thousand. After taking into consideration the corporate bond discount, financial assets at fair value through profit or loss and capital surplus-corporate bond stock options, the Company recognized the capital surplus-convertible corporate bond conversion premium, NT\$199,123 thousand. The related statutory registration procedures have been completed by December 31, 2022.

In order to secure a sound financial structure, the Company's annual general meeting on May 27, 2022 resolved to pass the capital decrease for accumulated deficit, by NT\$186,037 thousand, resulting in cancellation of 18,604 thousand shares. Said capital decrease was also reported to, and became effective upon approved by, the FSC on August 4, 2022. The Board of Directors was authorized to set August 23, 2022 as the record date for the capital decrease. The capital decrease rate was 7.7531% and 221,348 thousand shares issued upon the capital decrease.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

2. Capital surplus

The balance of the Company's capital surplus is as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Stock premium (including convertible corporate bond premium)	\$ 250,512	229,131
Difference between the equity price and carrying amount of the subsidiary's equity acquired	5,149	5,149
Changes in net worth of the subsidiary's equity recognized under equity method	21,045	16,449
Elements of equity recognized upon issuance of convertible corporate bonds - employee stock options	17,238	21,840
Employee stock options	13,211	8,132
Others - invalid employee stock options	7,751	7,751
Others - exercise of disgorgement	6,630	59
	<u>\$ 321,536</u>	<u>288,511</u>

Pursuant to the Company Act, the capital surplus shall be first used to offset losses, then new shares or cash may be allocated based on realized capital surplus. The term "realized capital surplus" referred to in the preceding paragraph includes the shares issued at premium exceeding the par value and the gains in the form of gifts. According to the Regulations Governing the Offering and Issuance of Securities by the Issuer, the capital surplus that can be capitalized annually shall not exceed 10% of the total paid-in capital.

The Company's Board of Directors resolved on March 10, 2023 to distribute the cash dividends from the capital surplus, NT\$65,712 thousand.

3. Retained earnings

According to the Company's Articles of Incorporation, the Company may allocate earnings or compensate losses at the end of each half of the fiscal year. When allocating the earnings, the Company shall first pay taxes, make up any losses from past years, retain employee remuneration, and then make contribution of 10% of the balance to the legal reserve, unless the legal reserve reaches the Company total paid-in capital, and also make provision or reversal of special reserves subject to business needs and pursuant to laws. If there is a surplus, the balance and the accumulated undistributed surplus, beginning shall be allocated subject to the earnings allocation plan proposed by the Board of Directors. Where, upon the supervisors' audit, the same shall be distributed in the form of issuance of new shares, such matter shall be first submitted to the Shareholders' Meeting for resolution before distribution. Where the same is distributed in cash, the distribution shall be subject to a special resolution made by the Board of Directors. If the Company has annual earnings, it shall first pay taxes, make up any losses from past years, and then make contribution of 10% of the balance to the legal reserve, unless the legal reserve reaches the Company total paid-in capital, and also make provision of special reserves subject to business needs and pursuant to laws. If there is a surplus, the balance and the accumulated undistributed surplus, beginning shall be allocated subject to the earnings allocation plan proposed by the Board of Directors and resolved by a shareholders' meeting.

In order to support the Company's long-term growth, the Company's dividend distribution policy aims to satisfy the future business development. After taking into consideration the conditions, such as robust financial structure, maintenance of stable dividends, and protection of reasonable remuneration to shareholders comprehensively, the Board of Directors prepares the adequate earnings allocation plan. In consideration of the balanced and stable dividend policy, the Company allocates 30% of the distributable earnings as the shareholder bonus at the end of each half of the fiscal year, provided that where the distributable earnings are less than 10% of the paid-in capital, no bonus may be distributed per resolution of the Board of Directors. The shareholder bonus may be distributed in the form of stock or in cash, provided that the cash dividend shall be no less than 10% of the total dividends. At least 30% of the distributable earnings upon annual final accounting shall be appropriated as the shareholder bonus, provided that the cash dividend shall be no less than 10% of the total dividends.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Earnings distribution:

The Company had no accumulated earnings available for distribution in 2021 and 2020. Therefore, the Company resolved the loss compensation plans 2021 and 2022 at the annual general meetings on May 27, 2022 and July 2, 2021.

The Company's Board of Directors resolved on August 11, 2022 that no dividends should be distributed in 1H of 2022.

For the distribution of cash dividends from earnings in 2H of 2022 as resolved by the Company's Board of Directors on March 10, 2023, the dividends to be distributed to the owners of the parent are stated as following:

	2H of 2022	
	Payout ratio (NT\$)	Amount
Dividends distributed to the owners of common shares:		
Cash	\$ 0.40	87,617

The related information may be accessed on the MOPS.

4. Treasury stock

The treasury stock repurchased by the Company in order to transfer shares to employees in accordance with Article 28-2 of the Securities and Exchange Act in 2018 totaled 4,832 thousand shares, at the cost of NT\$105,328 thousand. Per the resolution of the Board of Directors on January 22, 2021, all of them were cancelled, and the registration of such change was also completed. The difference from the excess of the carrying amount of the treasury stock cancelled of the par value, NT\$48,320 thousand, the balance is offset against the capital surplus- generated from the transactions of treasury stock under the same type, NT\$44,581 thousand, and the stock premium, NT\$806 thousand, as the first priority. The deficits thereof, NT\$11,621 thousand, are debited as retained earnings.

The treasury stock repurchased by the Company in order to maintain the Company's credit and shareholders' equity in accordance with Article 28-2 of the Securities and Exchange Act per the Board of Directors' resolution on July 8, 2022 totaled 2,500 thousand shares, at the cost of NT\$39,580 thousand. Per the resolution of the Board of Directors on November 10, 2022, all of them were cancelled, and the registration of such change was also completed. The difference from the excess of the carrying amount of the treasury stock cancelled of the par value, NT\$23,062 thousand is offset against the capital surplus- generated from the stock premium, NT\$107 thousand and conversion premium of corporate bonds NT\$2,531 thousand, as the first priority. The deficits thereof, NT\$13,880 thousand, are debited as retained earnings.

According to the Securities and Exchange Act, the quantity of shares repurchased by the Company shall be no more than 10% of the total shares issued by the Company. The total costs spent in the repurchase shall be no more than the Company's retained earnings plus stock premium and realized capital surplus. The quantity and amount of shares repurchased by the Company are held satisfying the Securities and Exchange Act.

Pursuant to the Securities and Exchange Act, the treasury stocks held by the Company cannot be pledged. Meanwhile, before the transfer, the shareholder's equity is not permitted.

The changes in the Company's stock held by the subsidiaries in 2022 and 2021 are detailed as follows:

Name of Subsidiary	2022			
	Quantity of shares, beginning	Increase in the current period	Decrease in the current period	Quantity of shares, ending
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	18,453,800	-	1,430,742	17,023,058
FEEI CHERNG ENTERPRISE CO., LTD.	1,950,000	360,000	179,097	2,130,903
HSIN-LI	-	870,000	67,452	802,548

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

MYSON CENTURY, INC.	-	280,000	21,709	258,291
	<u>20,403,800</u>	<u>1,510,000</u>	<u>1,699,000</u>	<u>20,214,800</u>

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Name of Subsidiary	2021			
	Quantity of shares, beginning	Increase in the current period	Decrease in the current period	Quantity of shares, ending
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	17,993,800	460,000	-	18,453,800
FEELI CHERNG ENTERPRISE CO., LTD.	-	1,950,000	-	1,950,000
	<u>17,993,800</u>	<u>2,410,000</u>	<u>-</u>	<u>20,403,800</u>

The Company shall treat the Company's stock held by the investees controlled by it, namely U-BEST, FEELI, HSIN-LI and MYSON CENTURY, for the purpose of business and property management as the treasury stock when preparing the financial statements. Said companies held the Company's stock totaling 20,215 thousand shares and 20,404 thousand shares, at the market price of NT\$239,545 thousand and NT\$434,601 thousand, on December 31, 2022 and 2021. The Company stated the carrying amount of treasury stock as NT\$61,756 thousand and NT\$57,515 thousand, subject to the shareholdings pursuant to the relevant requirements.

5. Other equity

	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) from financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2022	\$ (188)	(567)	(755)
Foreign currency translation difference (net after tax)			
Subsidiary	6	-	6
Unrealized profit or loss from the financial assets at fair values through other comprehensive profit or loss			
Subsidiary	-	2,025	2,025
Disposal of investment in equity instrument at fair value through other comprehensive income			
Subsidiary	-	753	753
Balance on December 31, 2022	<u>\$ (182)</u>	<u>2,211</u>	<u>2,029</u>
Balance on January 1, 2021	\$ (187)	-	(187)
Foreign currency translation difference (net after tax)			
Subsidiary	(1)	-	(1)
Unrealized profit or loss from the financial assets at fair values through other comprehensive profit or loss			
Subsidiary	-	(492)	(492)
Disposal of investment in equity instrument at fair value through other comprehensive income			
Subsidiary	-	(75)	(75)
Balance on December 31, 2021	<u>\$ (188)</u>	<u>(567)</u>	<u>(755)</u>

(XV) Share-based payment transactions

Employee stock options

1. The Company adopted the paid employee stock option scheme in July 2020, and estimated the

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

remuneration cost under the fair value method. Meanwhile, it adopted the Black-Scholes Model to estimate the granted quantity, exercise price, vested conditions and hypotheses at the fair value of the stock options on the grant date as follows:

Grant date	2020.9.7
Granted quantity	9,000,000 shares
Exercise price	Closing price of the common stock on the issuing date
Vested conditions	The exercisable equity rate is 50% upon expiration of two years, 75% upon expiration of three years, and 100% upon expiration of four years.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Projected price fluctuation ratio	36.97%, 45.83% and 43.51% upon expiration of two years, three years and four years, respectively.
Risk-free interest rate	0.29%, 0.30% and 0.32% upon expiration of two years, three years and four years, respectively.
Expected duration	4.5 years
Weighted average fair value of stock options	NT\$1.54, NT\$2.13 and NT\$1.98 upon expiration of two years, three years and four years, respectively.

- The remuneration costs recognized under the fair value method based on said paid employee stock option scheme in 2022 and 2021 were NT\$5,079 thousand and NT\$6,176 thousand, respectively.
- The information about quantity and weighted average exercise price related to the Company's paid employee stock option scheme is disclosed as follows:

	2022		2021	
	Weighted average exercise price (NT\$)	Quantity of stock options	Weighted average exercise price (NT\$)	Quantity of stock options
Outstanding shares on January 1	\$ 11.5	8,952,000	11.5	9,000,000
Invalid quantity in the current period	-	(28,000)	11.5	(48,000)
Outstanding shares on December 31	11.5	<u>8,924,000</u>	11.5	<u>8,952,000</u>
Exercisable quantity on December 31	-	<u>4,462,000</u>	-	<u>-</u>

(XVI) Earnings per share

The Company's basic earnings per share and diluted earnings per share are calculated as follows:

	2022	2021
Basic earnings per share:		
Net profit (loss) attributed to the Company's common stock shareholders	<u>\$ 140,078</u>	<u>(85,630)</u>
Weighted average outstanding shares of common stocks (thousand shares)	<u>199,987</u>	<u>156,605</u>
(Unit: NT\$)	<u>\$ 0.70</u>	<u>(0.55)</u>
Basic earnings per share:		
Net profit (loss) attributed to the Company's common stock shareholders	\$ 140,078	
Effects after tax of income related to convertible corporate bonds	<u>7,352</u>	
Net profit (loss) attributed to the Company's common stock shareholders (after adjustment of effects of dilutive potential common shares)	<u>\$ 147,430</u>	
Weighted average outstanding shares of common stocks (thousand shares)	199,987	
Effect of all potential diluted common stocks:		
Remuneration to employees	226	
Convertible corporate bonds	<u>25,966</u>	
Weighted average outstanding shares of common stocks (after adjustment of effects of dilutive potential common shares) (thousand shares)	<u>226,179</u>	
(Unit: NT\$)	<u>\$ 0.65</u>	

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

It is not included in the calculation of diluted earnings per share, as anti-dilution effect will be produced if the potential common stocks are stated in 2021.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(XVII) Revenue from contracts with customers

(1) Details of revenue

	<u>2022</u>	<u>2021</u>
Main territories and markets:		
Taiwan	<u>\$ 1,366,676</u>	<u>326,723</u>
Main product/service line:		
Sales of real estate	\$ 1,360,295	323,390
Rental revenue	6,381	3,333
	<u>\$ 1,366,676</u>	<u>326,723</u>

(2) Contract balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Contract liability - The King's Landscapes	\$ 149,630	193,450
Contract liability - Tiffany	-	11,020
Contract liability - Mayfair	-	207,054
Contract liability - The Twin Towers	410,000	43,890
	<u>\$ 559,630</u>	<u>455,414</u>

The balances of contract liabilities on January 1, 2022 and 2021 that were recognized as revenue in 2022 and 2021 were NT\$272,004 thousand and NT\$21,600 thousand, respectively. Further, due to the customers' cancellation of reservation, or cancellation of transactions against laws, the contract liabilities decreased by NT\$31,685 thousand in 2021, while no such case took place in 2022.

(XVIII) Remuneration to employees and directors/supervisors

According to the original Articles of Incorporation, annual profits concluded by the Company shall be subject to employee remuneration of 2%~5% , and director/supervisor remuneration of no more than 5%. However, profits must first be taken to offset against cumulative losses if any. The employee remuneration referred to in the preceding paragraph can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria. The annual general meeting resolved on May 27, 2022 to pass the amendments to the Articles of Incorporation providing that the annual profits concluded by the Company shall be subject to employee remuneration of 1%~10% , and director remuneration of no more than 5%.

The Company stated accumulated losses in 2021. Therefore, it was not necessary to provide the remuneration to employees and directors/supervisors.

In 2022, the amount of employee remuneration provided by the Company was estimated at NT\$2,680 thousand, and the amount of director remuneration NT\$4,019 thousand. The estimates were made by applying the Company's before-tax profits before the deduction of the remunerations to employees and directors, and subject to the appropriate percentages for the remuneration to employees and directors set based on the Articles of Incorporation, then stated as operating costs or expenses in that period. Any differences between the amounts actually paid in next year and the amount previously estimated would be treated as a change in accounting estimate, and recognized as profit or loss in next year. Said amounts of remuneration to employees and directors per the resolution of the Board of Directors were consistent with the estimated amounts reported in the Company's 2022 financial statements. The related information may be accessed on the MOPS.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(XIX) Non-operating revenue and expenditure

1. Interest revenue

The Company's interest revenue is stated as follows:

	<u>2022</u>	<u>2021</u>
Interest revenue		
Interest revenue - bank deposits	\$ 693	570
Interest revenue - Loaning of fund to others	2,277	584
Interest revenue - interest on the deposit for lease	3	69
	<u>\$ 2,973</u>	<u>1,223</u>

2. Other gains and losses

The Company's other gains and losses are stated as follows:

	<u>2022</u>	<u>2021</u>
Foreign currency exchange gains (losses)	\$ 13	(8)
Rental revenue	46	44
Loss on disposal of investment	-	(13,748)
Net income (loss) from disposal of financial assets/liabilities at fair value through profit or loss	(3,035)	4,930
Loss on disposal of property, plant and equipment	-	(10)
Loss of compensation	-	(11,072)
Others	1,503	3,544
	<u>\$ (1,473)</u>	<u>(16,320)</u>

3. Financial cost

The Company's financial cost is stated as follows:

	<u>2022</u>	<u>2021</u>
Bank loans	\$ (62,168)	(56,849)
Loan of non-bank financial institutions	(2,310)	(9,579)
Discount and amortization of corporate bonds payable	(5,466)	(15,809)
Imputed interest on security deposit	(3)	(42)
Interest expenses on lease liabilities	(165)	(222)
Less: capitalized interest	18,131	18,855
	<u>\$ (51,981)</u>	<u>(63,646)</u>

(XX) Financial instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

Since the Company is primarily engaged in the real estate development and sale business and owns considerable customers, it does not concentrate its transactions significantly with any single customer. Therefore, the Company has no concentration of credit risk on the accounts receivable. In order to mitigate the credit risk, the Company continuously monitors customers' financial position. Generally, the Company does not require the customers to provide collateral,

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

but demands that they should allocate the bank loan to the Company directly from the lending bank.

(3) Credit risk over receivables

The other financial assets measured at amortized cost include other receivables and other financial assets. No impairment was provided or reversed in 2022 and 2021. Said financial assets are all with low credit risk; therefore, the loss provision for that period should be measured based on the amount of 12-month expected credit loss.

2. Liquidity risk

The contract maturities of financial liabilities are illustrated in the table below, including the estimated interest but not the impact of net amount agreed.

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	More than 5 years
December 31, 2022							
Non-derivative financial liabilities							
Bank loans (floating interest rate)	\$ 2,346,282	2,410,216	31,639	32,163	1,847,643	496,471	2,300
Loan of non-bank financial institutions (fixed interest rate)	39,995	40,624	31,424	9,200	-	-	-
Corporate bonds payable (fixed interest rate)	359,628	372,900	-	136,700	236,200	-	-
Lease liabilities	6,249	6,527	866	866	1,762	3,033	-
Liabilities without interest	510,074	510,074	510,074	-	-	-	-
Derivative financial liabilities							
Embedded derivatives of convertible bonds	1,513	1,513	-	96	1,417	-	-
	<u>\$ 3,263,741</u>	<u>3,341,854</u>	<u>574,003</u>	<u>179,025</u>	<u>2,087,022</u>	<u>499,504</u>	<u>2,300</u>
December 31, 2021							
Non-derivative financial liabilities							
Bank loans (floating interest rate)	\$ 2,716,260	2,829,161	157,593	739,667	720,245	1,211,656	-
Loan of non-bank financial institutions (fixed interest rate)	12,567	12,695	12,695	-	-	-	-
Corporate bonds payable (including the current portion) (fixed interest rate)	454,403	475,800	-	-	162,900	312,900	-
Lease liabilities	7,816	8,260	866	866	1,733	4,795	-
Liabilities without interest	66,890	66,890	66,890	-	-	-	-
	<u>\$ 3,257,936</u>	<u>3,392,806</u>	<u>238,044</u>	<u>740,533</u>	<u>884,878</u>	<u>1,529,351</u>	<u>-</u>

The Company does not expect the maturity analysis of cash flows will be significantly pre-matured or the actual amount will be significantly different.

3. Foreign exchange rate risk: None.

4. Interest rate risk

Please refer to the Note regarding liquidity risk management for the interest rate risk exposure of the Company's financial assets and financial liabilities.

The following analysis of sensitivity is based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is based on the assumption that the outstanding liability amount on the reporting date stays outstanding the entire year. The rate of change used in the Company's internal report to the management was the interest rate with an increase or decrease by 1%. The interest rate is assessed within the reasonable and possible range of change by the management.

If interest rate is increased or decreased by 1%, with all other variables stayed unchanged, the Company's net profit (loss) would increase or decrease by NT\$18,770 thousand and NT\$21,730 thousand in 2022 and 2021.

5. Other pricing risk: None.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

6. Information about fair value

(1) Type and fair value of financial instrument

The carrying amount and fair value of the Company's financial assets and liabilities (including fair value level information) are stated as follows, except the financial instruments measured at fair value with the carrying amount close to the reasonable amount of fair value and the investment in equity instruments without quotation in an active market and of which the fair value cannot be reliably measured:

December 31, 2022					
	Carrying amount	Fair value			
		Class 1	Class 2	Class 3	Total
Financial assets measured at amortized cost					
Cash and Cash Equivalents	\$ 200,480	-	-	-	-
Other receivables	58,380	-	-	-	-
Increase in other financial assets-non-current	193,181	-	-	-	-
Refundable deposits	6,246	-	-	-	-
	<u>\$ 458,287</u>				
Financial liabilities mandatorily at fair value through profit or loss -- current & non-current					
Embedded derivatives - put option/right of redemption for convertible corporate bonds	<u>\$ 1,513</u>	-	1,513	-	1,513
Financial liabilities measured at amortized cost					
Short-term loans	\$ 2,386,277	-	-	-	-
Payables	510,074	-	-	-	-
Corporate bonds payable (including the current portion)	359,628	-	356,601	-	356,601
Lease liabilities	6,249	-	-	-	-
	<u>\$ 3,262,228</u>				
December 31, 2021					
	Carrying amount	Fair value			
		Class 1	Class 2	Class 3	Total
Financial assets mandatorily measured at fair value through profit or loss - non-current					
Embedded derivatives - put option/right of redemption for convertible corporate bonds	<u>\$ 2,081</u>	-	2,081	-	2,081
Financial assets measured at amortized cost					
Cash and Cash Equivalents	\$ 152,113	-	-	-	-
Other receivables	107,861	-	-	-	-
Other financial assets - current & non-current	335,089	-	-	-	-
Refundable deposits	6,630	-	-	-	-
	<u>\$ 601,693</u>				
Financial liabilities measured at amortized cost					
Short-term loans	\$ 2,728,827	-	-	-	-
Payables	66,890	-	-	-	-
Corporate bonds payable	454,403	-	457,889	-	457,889
Lease liabilities	7,816	-	-	-	-
	<u>\$ 3,257,936</u>				

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

The Company applied the input which was observable in the market as possible as it could when measuring its assets and liabilities. The classes of fair value are concluded as follows based on the input used by the valuation technique:

- (1.1) Class 1: Open quotation of the same assets or liabilities in an active market (without adjustment).
- (1.2) Class 2: Except the open quotation under Class 1, the import parameter of assets or liabilities may be observable directly (namely, the price) or indirectly (namely, presumed from the price).
- (1.3) Class 3: The import parameters of assets or liabilities are not based on observable market information (non-observable parameters).

- (2) Fair value valuation technique for the financial instrument not measured at fair value

The methods and hypotheses used by the Company to estimate the instruments not measured at fair value are stated as follows:

Financial liabilities measured at amortized cost

The components of liabilities of the convertible corporate bonds issued by the Company are estimated under the evaluation method. The estimates and hypotheses used by the evaluation method refer to estimation of fair value by discounted cash flow.

- (3) Fair value valuation technique for the financial instrument measured at fair value

- (3.1) Non-derivative financial instruments

If quotation in active markets is available, the quotation shall be established as fair values.

Market prices published by major stock exchange, and OTC market where is held high volume of central government bonds are traded, are the foundation of fair value of debt instruments with quoted market price in an active market and listed equity instruments.

A financial instrument is regarded as being quoted in an active market if quotation is readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and the quotation represents actual and regularly occurring market transactions on an arm's-length basis. If a financial instrument does not accord with said definition, then it is considered to be without quotation in active market. In general, any market with wide price difference, significant increase in bid price and low trading volume is an indication of non-active market.

The fair value of financial assets with standard terms/conditions and traded in the active market, such as stocks listed on TWSE/TPEX, fund and emerging stocks in an active market, shall be decided subject to the market quotation.

Except for the financial instruments in the active market, the fair value of the other financial instruments is based on the valuation technique or the quotation of the trading counterpart. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data.

If the Company's financial instruments do not have an active market, wherein their fair values are determined as follows by type and attribute:

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Equity instrument without an active quotation: The consolidated entities estimate the fair values by using the comparable company approach on the assumption that the fair values are calculated on the basis of the investees' net worth per share and the Price-Book Ratio in the same trade derived from comparable TWSE/TPEX-listed companies' quoted prices. The discount effect resulting from the lack of market liquidity of such equity securities has been adjusted.

(3.2) Derivative financial instruments

Based on the valuation models extensively accepted by the users in the market, e.g. discount method and Option Pricing Model. The put options for the convertible corporate bonds of the Company are valued based on Monte Carlo method.

(4) Details of change in Class 3

	Financial assets at fair value through profit or loss
	Designated to be measured at fair value through profit or loss
	(Designated at the time of initial recognition)
Balance on January 1, 2021	\$ 4,930
Recognized as the income (stated into other gains and losses)	(4,930)
Balance on December 31, 2021	<u>\$ -</u>

(5) Quantitative data used on measuring the fair value of the unobservable major input (Class 3)

The Company's item that is measured at fair value and classified as Class 3 includes financial assets measured at fair value through profit or loss- investment in equity instrument.

The fair value of the Company classified as Class 3 has only one unobservable major input. The quantitative data of the unobservable major input are as follow:

Item	Valuation technique	Unobservable major input	Relationship between the unobservable major input and the fair value
Financial assets at fair value through profit or loss- investment in equity instrument without an active market	Comparable TWSE/TPEX-listed company method	Discount resulting from the lack of market liquidity (40% on December 31, 2021)	The higher discount resulting from the lack of market liquidity is, the lower the fair value is.

(6) No transfer of fair value levels took place on December 31, 2022 and 2021.

(XXI) Financial risk management

1. Overview

The Company has exposures to the following risks from its financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

The Company's risk exposure information and objectives, policies, and procedures of the risk measured and managed by the Company are expressed in this Note. For more disclosures about the quantitative effects of the risk exposure, please refer to the respective notes in the parent company only financial statements.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

2. Financial risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has the Chairman's Office responsible for developing and controlling the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, evaluate the effect posed by the financial risk and execute related policies to evade the financial risk. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how the management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors of the Company is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews on the financial risk management controls and procedures, the results of which are reported to the Board of Directors.

3. Credit risk

Credit risk is the risk of financial losses faced by the Company when the customer or the trading counterpart of financial instruments trade is unable to meet its contractual obligations. It is mainly from the Company's accounts receivables from customers and securities investment.

(1) Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's customers are concentrated in the wide consumer base. In order to mitigate the credit risk over accounts receivable, the Company demand that the customers should allocate the bank loan to the consolidated entities directly from the lending bank, when the bank grants the loan. Therefore, the credit risk may be controlled effectively.

The Company has the allowance account set up to reflect the estimated losses of the accounts receivable and other receivables. The allowance account mainly includes specific loss related to individual significant exposure and the combined loss of the similar asset group that have incurred but yet to be identified. The allowance account for combined loss is determined in accordance with the historical payment statistics of similar financial assets.

(2) Investment

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company's trading counterparts and performing parties are reputable banks and corporate organizations with no significant performance concerns. Therefore, there is no significant credit risk.

(3) Guarantees

Based on the Company's policies, they may only provide financial guarantees to the subsidiaries wholly owned by them, or mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project. Except the mutual endorsements/guarantees made by the Company for the subsidiaries pursuant to the contract for purposes of undertaking a construction project, all NT\$60,600 thousand, the Company didn't provide any endorsements/guarantees on December 31, 2021.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

4. Liquidity risk

Liquidity risk is the risk that the Company is unable to pay cash or financial asset to settle the financial liability and unable to perform their obligations. The method applied by the Company to manage liquidity is to ensure that the Company in general practice or under pressure has sufficient current fund to liquidate liabilities when due, without incurring unacceptable losses or causing harm to the consolidated entities' reputation.

5. Market risk

Market risk is the risk that the market price change, such as foreign exchange rate, interest rate and equity instrument price change, will affect the Company's income or risk over the value of financial instruments held by the Company. The objective of market risk management is to control the market risk exposure within the affordable range and to optimize return on investment.

(1) Interest rate risk

The fair value or future cash flow fluctuation risk would arise due to changes in interest rate, when the Company borrows fund. The Company's policies aim to ensure the exposure of changes in the loan interest rate, and evaluate it based on the market interest rate development. The Company manages the interest rate risk by maintaining an adequate portfolio consisting of floating and fixed interest rates.

(2) Other market price risk

The equity price risk refers to the risk over the equity instruments held by the Company resulting from the uncertainty in future price. The Company engages in multifaceted investment projects, and regularly verifies the financial status of equity instruments to manage the price risk over equity instruments.

(XXII) Capital management

The policy of the Board of Directors maintains the basis of unimpaired capital. It helps maintain the confidence of the investors, creditors and markets. It also supports future operating development. The Board of Directors controls the rate of return on the capital and also the common stock dividend level.

The Company meets its objectives for managing capital to safeguard the capacity of continuing operations, to continue to provide a return to its shareholders and other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company might adjust the stock dividend to be paid, refund of capital to shareholders through capital decrease, issuance of new shares or realization of assets to reduce liabilities.

The Company controls the capital based on the debt to equity ratio. The ratio is net liabilities divided by total capital. The net liabilities refer to the total liabilities listed in the balance sheet less cash and cash equivalents. The total capital refers to the components of equity (namely, capital stock, capital surplus, retained earnings and other equity). The debt to equity ratio on the reporting date is as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Total liabilities	\$ 3,840,491	3,714,998
Less: Cash and Cash Equivalents	(200,480)	(152,113)
Net liabilities	<u>\$ 3,640,011</u>	<u>3,562,885</u>
Total equity	<u>\$ 2,578,668</u>	<u>2,368,346</u>
Debt to equity ratio	<u>141.16%</u>	<u>150.44%</u>

As of December 31, 2022, the capital management method of the Company remained unchanged.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(XXIII) Investing and financing activities other than transactions in cash

The Company's liabilities from financing activities in 2022 and 2021 are adjusted as follows:

	Short-term	Corporate bonds		Total liabilities from
	loans	payable (including the	Lease liabilities	financing activities
		current portion)		
Balance on January 1, 2022	\$ 2,728,827	454,403	7,816	3,191,046
Cash flow				
Cash from loan	336,040	-	-	336,040
Repayment of loan	(678,590)	-	-	(678,590)
Repayment of principal for lease	-	-	(1,567)	(1,567)
Non-cash flow				
Discount and amortization	-	5,466	-	5,466
Other changes	-	(100,241)	-	(100,241)
Balance on December 31, 2022	<u>\$ 2,386,277</u>	<u>359,628</u>	<u>6,249</u>	<u>2,752,154</u>
Balance on January 1, 2021	\$ 2,859,866	450,913	11,219	3,321,998
Cash flow				
Cash from loan	535,600	-	-	535,600
Repayment of loan	(666,639)	-	-	(666,639)
Cash from issuance of convertible corporate bonds	-	799,000	-	799,000
Redemption of convertible corporate bonds	-	(67,300)	-	(67,300)
Repayment of principal for lease	-	-	(2,814)	(2,814)
Non-cash flow				
Discount and amortization	-	15,809	-	15,809
Other changes	-	(744,019)	(589)	(744,608)
Balance on December 31, 2021	<u>\$ 2,728,827</u>	<u>454,403</u>	<u>7,816</u>	<u>3,191,046</u>

VII. Transactions with related parties

(I) Names of related parties and their relationship with the Company

Related parties that have performed transactions with the Company during the period of the parent company only financial statements include:

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
BOROMI OPTRONICS CORP. (BOROMI)	Subsidiary of the Company (Note 1)
Victory Enterprises Limited	Subsidiary of the Company
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. (U-BEST)	Subsidiary of the Company
Yonggu Interior Decoration Co., Ltd. (Yonggu)	Subsidiary of the Company (Note 2)
Shangyu Construction Co., Ltd. (Shangyu)	Subsidiary of the Company
MYSON CENTURY, INC. (MYSON)	Subsidiary of the Company (Note 3)
FEEI CHERNG ENTERPRISE CO., LTD. (FEEI)	Subsidiary of the Company (Note 3)
HSIN-LI CHEMICAL INDUSTRIAL CORP. (HSIN-LI)	Subsidiary of the Company (Note 3)
Ms. Chang Hui-Feng	Spouse of the Company's Chairman
Huang Nan-Hao	President of the subsidiary of the Company
Zhong Qing Technology Co., Ltd.	Other related party, whose Chairman is same person as the Company's Chairman.
Tai Chan Construction Co., Ltd.	Other related party, whose Chairman is same person as the Company's director.
Metropolis Internet Technology (Metropolis)	Other related party, whose Chairman is same person as the Company's director.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Note 1: In September 2021, the Company sold the whole equity of BOROMI to the subsidiary, Shangyu, through reorganization.

Note 2: The subsidiary has been liquidated on December 27, 2021.

Note 3: The Company acquired the control over the subsidiary in July and August 2021.

(II) Significant transactions with related parties

1. Contract awarding

The contract awarding by the Company to subsidiaries in 2022 and 2021 is detailed as follows:

	2022		December 31, 2022
	Billing in the current period	Accumulated billing in the current period	Prepaid amount, ending
Subsidiary - Shangyu	\$ 327,353	1,583,390	31,600
Indirect subsidiary - BOROMI	240,632	846,362	94,749
	\$ 567,985	2,429,752	126,349

	2021		December 31, 2021
	Billing in the current period	Accumulated billing in the current period	Prepaid amount, ending
Subsidiary - Shangyu	\$ 170,229	1,256,037	79,000
Indirect subsidiary - BOROMI	183,721	605,730	-
	\$ 353,950	1,861,767	79,000

The contracts awarded by the Company to related parties are billed and paid in installment per the contract and subject to the work progress.

2. Revenue from information service and management service.

The service revenue collected by the Company for provision of the information system maintenance service to subsidiaries and processing of business affairs in Taiwan on behalf of its overseas subsidiaries is stated as other gains and losses-others in the Statement of Comprehensive Statement, which is detailed as follows:

	2022	2021
Subsidiary	\$ 378	329

3. Lease

(1) The Company's rental revenues from the lease of offices to subsidiaries were NT\$23 thousand and NT\$21 thousand in 2022 and 2021.

The Company's unearned payment from related parties as a result of said transactions are stated as follows:

Title	Type of related party	December 31, 2022	December 31, 2021
Other current liabilities	Subsidiary	\$ 17	17

(2) The Company leased the office to other related parties in 2022 and 2021, and the rental revenues were both NT\$23 thousand. The payment for said transaction has been received in full on December 31, 2022.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

4. Loans to related party

The actual drawdown of the fund loaned by the Company to related parties is stated as follows:

Title	Type of related party	December 31, 2022	December 31, 2021
Other receivables - related party	Subsidiary - Shangyu	\$ -	100,000
Other receivables - related party	Indirect subsidiary - BOROMI	50,000	-
		<u>\$ 50,000</u>	<u>100,000</u>

The fund loaned by the Company to a subsidiary accrued interest based on the average interest rate applicable to the Company's long-term loan from a financial institution in the year of allocation. All of the loans were unsecured. Upon evaluation, there should be no need to provide impairment loss. The interest revenues collected from said transactions in 2022 and 2021 were NT\$2,277 thousand and NT\$584 thousand. Until December 31, 2021, the receivables generated from said transactions, both NT\$82 thousand, have been stated as other receivables.

5. Endorsement/guarantee

- (1) The Company provided the endorsements/guarantees for land financing for the subsidiary, U-BEST, on December 31, 2021, NT\$60,600 thousand. As the subsidiary has repaid the land financing on December 31, 2022, the limit secured by the endorsements/guarantees was canceled
- (2) The subsidiary, U-BEST, provided the guarantees for construction financing for the Company on December 31, 2022 and 2021, both NT\$120,000 thousand.

6. Others

- (1) The Company executed the real estate joint construction and separate sale contract with the spouse of the Company's Chairman in 2013. In 2022 and 2021, the Company paid the advertising expenses and interest to be borne by the joint construction and separate sale land owner on behalf of the land owner, NT\$8,298 thousand and NT\$7,344 thousand, preliminarily. Notwithstanding, the expenses and interest have not yet been received by December 31, 2022 and 2021; therefore, they were stated as other receivables.
- (2) The Company collected the balance of the land sold under the joint construction and separate sale contract, NT\$2,195 thousand on December 31, 2022, stated as other payables.
- (3) In 2022, the Company purchased from other related party, -Metropolis, the office supplies. The expenses generated therefor, NT\$70 thousand, were stated into the overhead. Further, the expenses generated from purchase of computer equipment were NT\$194 thousand. As of December 31, 2022, the payables generated from said transaction, NT\$277 thousand, were stated into other payables.
- (4) On December 31, 2021, the Company paid the sales commission to be borne by the joint construction and separate sale land owner on behalf of the land owner, NT\$435 thousand, preliminarily, and stated as other receivables, which were collected in full by December 31, 2022.
- (5) The Company entrusted the subsidiary's president to help the real estate agent with sale of the equity of Success Investments Limited in 2020. The commission paid in 2021 totaled NT\$2,029 thousand, stated as the management expenses. The accounts payable generated from said transactions have been paid in full.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(6) In September 2021, the Company sold the whole equity of the subsidiary, BOROMI, to the subsidiary, Shangyu, through reorganization. The transaction amount was NT\$54,559 thousand, which was received in full on December 31, 2021.

(III) Key management personnel transactions

Remuneration to the key management personnel includes the following:

	2022	2021
Short-term employee benefits	\$ 2,352	3,662
Post-employment benefits	141	220
Share-based payment	175	279
	<u>\$ 2,668</u>	<u>4,161</u>

The Company provided the cars, of which the costs were NT\$695 thousand, to the key management personnel on December 31, 2021. The depreciation expenses were NT\$19 thousand in 2021, while no such case took place in 2022.

VIII. Assets pledged as collateral or for security

The carrying amount of the Company's assets pledged as collateral or for security is as follows:

Pledged assets	Objective pledged and guaranteed	December 31, 2022	December 31, 2021
Demand deposits (Note)	Guarantees for short-term loan, guarantees for corporate bonds payable and escrow	\$ 193,181	335,089
Inventory - land for construction	Guarantees for short-term loans	1,776,293	1,776,293
Inventory - land under construction	Guarantees for short-term loans and endorsements/guarantees	485,405	929,547
Inventory - building under construction	Guarantees for short-term loans	288,907	1,625,730
Available-for-sale land	Guarantees for short-term loans	229,099	41,329
Available-for-sale house	Guarantees for short-term loans	1,901,556	228,538
		<u>\$ 4,874,441</u>	<u>4,936,526</u>

Note: Stated as other financial assets - current & non-current.

IX. Major contingent liabilities and unrecognized contractual commitments

Significant unrecognized contractual commitments:

The real estate sale contracts executed by the Company with the buyers for the projects launched by it totaled NT\$4,489,300 thousand and NT\$2,719,036 thousand on December 31, 2022 and 2021. Among them, NT\$559,630 thousand and NT\$455,414 thousand have been collected pursuant to the contract, and stated as contract liabilities - current.

X. Losses due to major disasters: None.

XI. Significant subsequent events: None.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

XII. Others

Employee benefits, depreciation, depletion and amortization expenses by function are summarized as follows:

By Nature	By function	2022			2021		
		Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefit expenses							
Salary expenses		-	54,011	54,011	-	59,119	59,119
Labor/national health insurance expenses		-	2,372	2,372	-	2,531	2,531
Pension expenses		-	1,084	1,084	-	1,180	1,180
Compensation to directors		-	4,810	4,810	-	882	882
Other employee benefit expenses		-	1,757	1,757	-	1,610	1,610
Depreciation expenses		-	3,000	3,000	-	4,460	4,460
Amortization expenses		-	333	333	-	345	345

The other information about the number of employees and employee benefit expenses of the Company in 2022 and 2021 is stated as follows:

	2022	2021
Number of employees	<u>43</u>	<u>51</u>
Number of directors without the employee identity	<u>4</u>	<u>5</u>
Average employee benefit expenses	<u>\$ 1,519</u>	<u>1,401</u>
Average employee salary expenses	<u>\$ 1,385</u>	<u>1,285</u>
Adjustment on average employee salary expenses	<u>7.78%</u>	<u>3.88%</u>
Compensation to supervisor	<u>\$ 107</u>	<u>252</u>

The information about the Company's salary and remuneration policy (including for directors, supervisors, managers and employees) is stated as follows:

- (1) The compensation to directors and supervisors consists of the reward, transportation allowance, professional practice fees and remuneration. According to the Articles of Incorporation, the Company shall set aside no more than 5% of the annual earnings, if any, as the remuneration to directors and supervisors, subject to the directors'/supervisors' engagement in the Company's operations and contribution value.
- (2) The compensation to the president, vice president, managers and employees consists of salary, bonus, employee remuneration and employee stock options, or restricted stock award (RSA). The policy for payment of remuneration to the president, vice president and employees follows the Company's "Salary Management Regulations" and requires the payment of compensation based on the pay level applicable to the relevant position in the same trade, the level of authority granted to the position within the Company and the contribution to the Company's business objectives. The reasonable reward will be granted in reference to the Company's overall operating performance, future business risk in the industry and development trend, as well as personal performance achievement ratio and contribution to the Company's performance. The related performance appraisal results and reasonableness of salary and remuneration will be reviewed by the Board of Directors. The remuneration system will be reviewed subject to the business

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

condition and related laws and regulations from time to time, in order to seek the balance between the Company's sustainable business and risk controls.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

XIII. Disclosures in notes

(I) Information on significant transactions

The information about significant transactions to be disclosed by the Company pursuant to the Regulations Governing the Preparation of Financial Reports in 2022 is stated as follows:

1. Loaning of fund to others:

No.	Lender	Borrower	Accounting title	Related party or not?	Current maximum amount	Balance, ending	Drawdown	Interest rate range	Nature of loans to others	Business transaction amount	Reasons of necessary short-term financing	Amount recognized in loss provision	Collateral		Limit of loans to individual borrowers	Limit of total loans	Note
													Name	Value			
0	The Company	Shangyu Construction Co., Ltd.	Other receivables	Yes	50,000	50,000	-	3%	Needs for short-term financing	-	Working capital	-	-	-	644,667 (Note)	1,031,467 (Note)	
0	The Company	BOROMI OPTRONICS CORP.	Other receivables	Yes	100,000	100,000	50,000	3%	Needs for short-term financing	-	Working capital	-	-	-	644,667 (Note)	1,031,467 (Note)	

(Note): According to the Company's Operating Procedure for Loaning to Others, the limit amount of total loans shall not exceed 50% of the net worth, provided that the limit amount of total loans to another person in need of short-term financing shall not exceed 40% of the net worth, and 25% in the case of a single enterprise. For the borrower trading with the Company, the limit amount on the loan to individual borrower shall be no more than the amount of transaction between both parties. The limit amount of loaning between foreign companies in which the Company owns directly or indirectly 100% of voting rights shall be no more than 25% of the net worth of the companies, and for a term of one year.

2. Making of endorsements/guarantees for others:

No.	Endorser/guarantor	Endorsed/ guaranteed party		Limits on endorsements/guarantees for a single enterprise	Current maximum endorsement/guarantee balance	Endorsement/guarantee balance - ending	Drawdown	Endorsement/guarantee amount secured with property as collateral	Ratio of the cumulative endorsement/ guarantee amount to the net worth in the most recent financial statements	Maximum endorsements/guarantees	Endorsement/guarantee made by the parent company for its subsidiaries	Endorsements/guarantees made by the subsidiaries for the parent company	Endorsement/guarantee made for the operations in Mainland China	Remark
		Company Name	Relationship											
0	The Company	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	(Note)	2,578,668 (100% of the Company's net worth)	60,600	-	-	-	- %	5,157,336 (200% of the Company's net worth)	Y	-	-	-
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	The Company	(Note)	1,477,904 (100% of the Company's net worth)	120,000	120,000	120,000	-	8.12%	2,955,808 (200% of the Company's net worth)	-	Y	-	-

(Note): Mutual endorsements/guarantees for another company in the same industry for purposes of undertaking a construction project.

3. Marketable securities held at the end of year (excluding the equity held by invested subsidiaries, associates and joint ventures):

Holder	Type and name of securities	Relationship with the securities issuer	Title	Ending				Remark
				Quantity of shares (thousand shares)/unit	Carrying amount	Shareholding	Fair value	
The Company	Monthly income USD-denominated structured bonds	-	Financial assets at fair value through profit or loss -- non-current	1	-	-	-	-
The Company	Stocks of FOILTEC INDUSTRIAL CO., LTD.	-	"	1,126	-	4.83%	-	-
BOROMI OPTRONICS CORP.	Domestic 5th unsecured convertible corporate	The Company	Financial assets at fair value through profit or	-	33,440	- %	33,440	(Note 2)

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

	bonds of SUN YAD		loss -- non-current					
Shangyu Construction Co., Ltd.	Stocks of RUN LONG CONSTRUCTION CO., LTD.	-	Financial assets at fair value through other comprehensive income- - non-current	98	6,778	0.02%	6,778	-
MYSON CENTURY, INC.	Stocks of SUN YAD	The Company	"	258	3,061	- %	3,061	(Note 1)
MYSON CENTURY, INC.	Stocks of Highwealth Construction Corp.	-	"	242	9,754	- %	9,754	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of SUN YAD	The Company	"	17,023	201,723	7.77%	201,723	(Note 1)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of Renjie Oldsichuan Catering Management Consultant Co., Ltd.	inancial	Financial assets at fair value through profit or loss -- non-current	166	7,691	0.77%	7,691	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of WAKOM SEMICONDUCTOR CORPORATION	-	"	28	-	0.81%	-	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of FOILTEC INDUSTRIAL CO., LTD.	-	"	583	-	2.50%	-	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of RUN LONG CONSTRUCTION CO., LTD.	-	Financial assets at fair value through profit or loss -- non-current	199	13,809	0.04%	13,809	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of FORMOSA TAFFETA CO., LTD.	-	"	170	4,548	0.010%	4,548	-

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Holder	Type and name of securities	Relationship with the securities issuer	Title	Ending				Remark
				Quantity of shares (thousand shares)/unit	Carrying amount	Shareholding	Fair value	
HSIN-LI	Stocks of LUXE	-	Financial assets at fair value through other comprehensive income- - non-current	166				-
HSIN-LI	Stocks of E.SUN Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss -- non-current	3,547	85,312	0.02%		-
HSIN-LI	Stocks of TAIWAN BUSINESS BANK, LTD.	-	"	9,254	119,836	0.12%		-
HSIN-LI	Stocks of Taishin Financial Holding Co., Ltd.	-	"	9,009	136,043	0.07%	136,043	-
HSIN-LI	Stocks of Shin Kong Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss -- non-current	3,200	28,064	0.02%	28,064	-
HSIN-LI	Stocks of King's Town Bank Co., Ltd.	-	"	278	9,424	0.03%	9,424	-
HSIN-LI	Stocks of WE & WIN DIVERSIFICATION CO., LTD.	-	"	124	1,457	0.06%	1,457	-
HSIN-LI	Stocks of KUNYUE DEVELOPMENT CO., LTD.	-	"	112	1,820	0.07%	1,820	-
HSIN-LI	Stocks of DA-LI DEVELOPMENT CO., LTD.	-	"	518	15,333	0.13%	15,333	-
HSIN-LI	Common stock of China Development Financial Holding Corporation	-	"	832	10,483	- %	10,483	-
HSIN-LI	Preferred stock of China Development Financial Holding Corporation	-	"	1,355	10,489	- %	10,489	-
HSIN-LI	Domestic 5th unsecured convertible corporate bonds of SUN YAD	The Company	"	-	27,401	- %	27,401	(Note 2)
HSIN-LI	Stocks of SUN YAD	The Company	"	803	9,510	0.37%	9,510	(Note 1)
HSIN-LI	Stock of U-BEST Innovative Technology Co., Ltd.	Subsidiary	"	2,000	21,000	1.43%	21,000	(Note 1)
HSIN-LI	Stocks of RADIUM LIFE TECH CO., LTD.	-	"	30	274	- %	274	-
HSIN-LI	Stocks of Taiwan Semiconductor Manufacturing Company Limited	-	"	5	2,243	- %	2,243	-
HSIN-LI	Stocks of ETERNAL MATERIALS CO., LTD.	-	"	134	4,186	0.01%	4,186	-
HSIN-LI	Stocks of MEILOON INDUSTRIAL CO., LTD.	-	"	96	1,877	0.06%	1,877	-
HSIN-LI	Stocks of FORMOSA OPTICAL TECHNOLOGY CO., LTD.	-	"	80	4,640	0.13%	4,640	-
HSIN-LI	Stocks of SanDi Properties Co., Ltd.	-	"	131	4,120	0.14%	4,120	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of SUN YAD	The Company	"	2,131	25,251	0.97%	25,251	(Note 1)
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Highwealth Construction Corp.	-	"	556	22,390	0.03%	22,390	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of SanDi Properties Co., Ltd.	-	"	943	29,657	1.32%	29,657	-
FEEI CHERNG ENTERPRISE CO., LTD.	Common stock of China Development Financial Holding Corporation	-	"	836	10,535	- %	10,535	-
FEEI CHERNG ENTERPRISE CO., LTD.	Preferred stock of China Development Financial Holding Corporation	-	"	763	5,905	- %	5,905	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of EZPLACE CO., LTD.	-	"	438	3,114	0.15%	3,114	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of DA-LI DEVELOPMENT CO., LTD.	-	"	237	7,023	0.06%	7,023	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Cathay Financial Holdings Co., Ltd.	-	"	98	3,937	- %	3,937	-

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

FEEI CHERNG ENTERPRISE CO., LTD.	Stock of Tacheng Real Estate Co., Ltd.	-	"	88	2,130	0.09%	2,130	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of AMTRAN TECHNOLOGY CO., LTD.	-	"	305	3,045	0.04%	3,045	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of SUNTY DEVELOPMENT CO., LTD.	-	"	40	474	0.01%	474	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of KUNYUE DEVELOPMENT CO., LTD.	-	"	381	6,191	0.24%	6,191	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Kindom Construction Corp.	-	"	133	3,884	0.02%	3,884	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of WE & WIN DIVERSIFICATION CO., LTD.	-	"	232	2,726	0.11%	2,726	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Shin Kong Financial Holding Co., Ltd.	-	"	50	439	- %	439	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stock of U-BEST Innovative Technology Co., Ltd.	Subsidiary	"	650	6,825	0.47%	6,825	(Note 1)
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Taiwan Semiconductor Manufacturing Company Limited	-	"	10	4,485	- %	4,485	-
FEEI CHERNG ENTERPRISE CO., LTD.	Domestic 5th unsecured convertible corporate bonds of SUN YAD	The Company	"	-	27,960	- %	27,960	(Note 2)
FEEI CHERNG ENTERPRISE CO., LTD.	Domestic 2nd unsecured convertible corporate bonds of Bright Sheland International Co., Ltd.	-	"	-	6,452	- %	6,452	-
FEEI CHERNG ENTERPRISE CO., LTD.	Domestic 1st unsecured convertible corporate bonds of YONGGU GROUP INC.	-	"	-	7,604	- %	7,604	-
FEEI CHERNG ENTERPRISE CO., LTD.	Domestic 4th unsecured convertible corporate bonds of AIRMATE (CAYMAN) INTERNATIONAL CO., LIMITED, TAIWAN BRANCH	-	"	-	7,580	- %	7,580	-
FEEI CHERNG ENTERPRISE CO., LTD.	5th unsecured convertible corporate bonds of Shin Kong Financial Holding Co., Ltd.	-	"	-	7,313	- %	7,313	-
FEEI CHERNG ENTERPRISE CO., LTD.	3rd secured convertible corporate bonds of KMC (KUEI MENG) INTERNATIONAL INC.	-	"	-	1,207	- %	1,207	-
FEEI CHERNG ENTERPRISE CO., LTD.	3rd secured convertible corporate bonds of COSMO ELECTRONICS CORPORATION	-	"	-	1,224	- %	1,224	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st unsecured convertible corporate bonds of MERCURIES & ASSOCIATES HOLDING, LTD.	-	"	-	784	- %	784	-
FEEI CHERNG ENTERPRISE CO., LTD.	2nd secured convertible corporate bonds of XIN CHIO GLOBAL CO., LTD.	-	"	-	515	- %	515	-

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Holder	Type and name of securities	Relationship with the securities issuer	Title	Ending				Remark
				Quantity of shares (thousand shares)/unit	Carrying amount	Shareholding	Fair value	
FEEI CHERNG ENTERPRISE CO., LTD.	1st secured convertible corporate bonds of BUIMA GROUP INC. TAIWAN BRANCH (CAYMAN ISLANDS)	-	Financial assets at fair value through profit or loss -- non-current	-	310	- %	310	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st secured convertible corporate bonds of GSEVEN CO., LTD.	-	"	-	1,247	- %	1,247	-
FEEI CHERNG ENTERPRISE CO., LTD.	Domestic 3rd secured convertible corporate bonds of United Renewable Energy Co., Ltd.	-	"	-	6,832	- %	6,832	-
FEEI CHERNG ENTERPRISE CO., LTD.	CTBC Battery & Energy Storage Technology ETF	-	"	2,000	24,280	0.38%	24,280	-
FEEI CHERNG ENTERPRISE CO., LTD.	Fubon FTSE Vietnam ETF	-	"	326	3,563	0.02%	3,563	-

(Note 1): Restated as treasury stocks.

(Note 2): The subsidiary's subscription for convertible corporate bonds issued by the parent company shall constitute the recall.

- The amount of the accumulated purchase or sale of the same securities is over NT\$300 million or 20% of the paid-in capital: None.
- The purchase amount of real estate exceeds NT\$300 million or 20% of paid-in capital: None.

Holder	Name of Property	Date of Transaction or Date of Occurrence	Transaction amount	Payment status	Trading counterpart	Relationship	Information about the previous transfer, if the trading counterpart is a related party.				Reference basis for determination of the price	Purpose and usage	Other agreements
							All persons	Relationship with the issuer	Date of transfer	Amount			
FEEI CHERNG ENTERPRISE CO., LTD.	Land for construction	April 15, 2022	415,823	Paid in full	Natural person	-	N/A	N/A	N/A	N/A	Appraisal report	Land for construction	None

- The amount of real estate disposed of exceeds NT\$300 million or 20% of paid-in capital: None
- The purchase and sales conducted with the related parties for an amount over NT\$100 million or 20% of paid-in capital:

Purchaser/seller	Trading counterpart	Relationship	Transactions				The circumstances of and reasons for the trading conditions different from general transactions		Accounts/notes receivable (payable)		Remark
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount	Credit period	Unit price	Credit period	Balance	Percentage in total accounts/notes receivable (payable)	
The Company	Shangyu Construction Co., Ltd.	Subsidiary	Contract awarding	327,353	28%	Paid in installment per the contract and work progress	-	-	(31,600)	7%	-
The	BOROMI	Subsidiary	Contract	240,632	21%	Paid in	-	-	(94,749)	22%	-

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Company	OPTRONICS CORP.		awarding			installment per the contract and work progress					
Shangyu Construction Co., Ltd.	The Company	Parent company	Engineering revenue	345,335 (Note)	83 %	Collected in installment per the contract and work progress	-	-	31,600	86%	-
BOROMI OPTRONICS CORP.	The Company	Parent company	Engineering revenue	184,040 (Note)	100 %	Collected in installment per the contract and work progress	-	-	94,749	100%	-

(Note): The contractor recognized the construction revenue under the Percentage of Completion Method.

8. The receivables-related party for an amount over NT\$100 million or 20% of paid-in capital: None.

9. Engaging in derivatives trading: Please refer to Notes VI(II) and (XI).

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(II) Information on investees:

The information about investees (excluding the invested business in Mainland China) of the Company in 2022 is stated as follows:

Name of Investor	Name of Investee	Location	Main business	Original investment amount		Held at year end			Investee income recognized in the current period	Investment income recognized in the current period	Remark
				End of the current period (December 31, 2022)	End of the previous period (December 31, 2021)	Quantity of shares (shares)	Ratio	Carrying amount			
The Company	Victory Enterprises Limited	Samoa	Investment	5,006 (USD 163 thousand) (Note 1)	5,006 (USD 163 thousand) (Note 1)	162,500	64.36%	65	-	-	Subsidiary
The Company	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Taiwan	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	240,847	240,847	22,506,152	16.45%	200,841	(52,813)	(6,492)	Subsidiary (Note 3)
The Company	Shangyu Construction Co., Ltd.	Taiwan	Building industry	207,603	207,603	25,459,990	99.99%	180,990	(27,273)	28,730	Subsidiary
The Company	MYSON CENTURY, INC.	Taiwan	R&D, manufacturing and trading of hybrid digital analog and pure digital analog integrated circuit products.	80,216	80,141	2,507,367	17.06%	61,312	(9,357)	(1,541)	Subsidiary (Note 4)
The Company	FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	Livestock breeding and bulk raw materials trading	91,700	91,700	10,000,000	8.42%	88,960	(102,898)	(4,761)	Subsidiary
Victory Enterprises Limited	Acme International Management Inc.	Samoa	Investment	-	-	-	100.00%	-	-	-	Subsidiary
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	Livestock breeding and bulk raw materials trading	299,063	299,063	29,041,121	24.45%	280,208	(102,898)	(24,728)	Subsidiary (Note 4)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	HISIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	207,676	207,676	10,180,219	15.08%	221,656	(41,198)	(5,950)	Subsidiary (Note 3)
FEEI CHERNG ENTERPRISE CO., LTD.	HISIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	170,129	140,808	6,970,000	10.33%	146,686	(41,198)	(4,261)	Subsidiary (Note 3)
FEEI CHERNG ENTERPRISE CO., LTD.	Sen Tai Engineering Co.,	Taiwan	Construction and engineering	43,218	-	25,172,000	82.53%	43,168	(3,216)	(50)	Subsidiary

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

HSIN-LI	Ltd.										(Note 6)
	LUXE BRING	Taiwan	Construction	-	1,660	-	-	%	-	(4,465)	(742) (Note 5)
	CO., LTD.		materials and								(Note 3)
			chemical raw								
			materials wholesale								
MYSON CENTURY, INC.	ZAVIO INC.	Taiwan	Design and sale of	68,274	68,274	900,000	100.00%		16,383	8,233	8,233 Subsidiar
			security monitoring								(Note 4) y
			products								
MYSON CENTURY, INC.	Phocus Inc.	USA	IC R&D and sale	46,035	46,035	2,583,333	22.91%		-	-	- Associate
											(Note 4)
MYSON CENTURY, INC.	HSIN-LI	Taiwan	Manufacture and	49,167	30,242	2,570,000	3.81%		45,760	(41,198)	(1,379) Subsidiar
			trading of synthetic								(Note 3) y
			leather, plastic leather								
			and flocking clothe,								
			etc.								
MYSON CENTURY, INC.	FEEI CHERNG	Taiwan	Livestock breeding	2,720	25,082	240,000	0.20%		2,522	(102,898)	(651) Subsidiar
	ENTERPRISE		and bulk raw								(Note 4) y
	CO., LTD.		materials trading								
MYSON CENTURY, INC.	U-BEST	Taiwan	Manufacturing and	39,965	-	2,997,000	2.19%		37,783	(52,813)	(741) Subsidiar
	INNOVATIVE		trading of polyester								(Note 3) y
	TECHNOLOGY		resin, adhesive and								
	CO., LTD.		surface treatment								
			agent								
Shangyu Construction Co.,	HSIN-LI	Taiwan	Manufacture and	66,980	66,980	3,408,650	5.05%		75,280	(41,198)	(2,253) Subsidiar
Ltd.			trading of synthetic								(Note 3) y
			leather, plastic leather								
			and flocking clothe,								
			etc.								
Shangyu Construction Co.,	BOROMI	Taiwan	Indoor	211,626	211,559	20,000,001	100.00%		(36,527)	(130,218)	(130,207) Subsidiar
Ltd.	OPTRONICS		renovation/indoor								(Note 2 and y
	CORP.		decoration, and door								Note 3)
			and window								
			installation project								
BOROMI OPTRONICS	U-BEST	Taiwan	Manufacturing and	2	-	1,570,000	1.15%		16,960	(52,813)	(375) Subsidiar
CORP.	INNOVATIVE		trading of polyester								(Note 3) y
	TECHNOLOGY		resin, adhesive and								
	CO., LTD.		surface treatment								
			agent								
BOROMI OPTRONICS	HSIN-LI	Taiwan	Manufacture and	12,925	12,925	661,000	0.98%		14,599	(41,198)	(437) Subsidiar
CORP.			trading of synthetic								(Note 3) y
			leather, plastic leather								
			and flocking clothe,								
			etc.								

Note 1: Translated at the foreign exchange rate, USD:NTD=1:30.71, on December 31, 2022.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Note 2: The unrealized internal profit writeoff amount and the difference from adjustment of IFRS9 as equity method for the subsidiary's investment in HSIN-LI.

Note 3: The investment income is provided based on the financial report audited by the external auditor firm of the parent company.

Note 4: The investment income is estimated based on the financial statements already audited by other CPAs.

Note 5: HSIN-LI resigned as a director of LUXE on August 11, 2022 and, therefore, lost the significant influence over such company. The investment was designated as measured at fair value through other comprehensive income.

Note 6: FEEI acquired 82.53% of the equity of Sen Tai Engineering Co., Ltd. in December 2022, and also the control over the company.

(III) Information on investment in the mainland China

(IV) Information on major shareholders

Name of major shareholder	Shares	Shares held	Shareholding
Zhong Qing Technology Co., Ltd.		18,536,885	8.37%
U-BEST Innovative Technology Co., Ltd.		17,023,058	7.69%

Note 1: The information about major shareholders herein is generated based on TDCC's calculation of the number of shares already registered and delivered by the shareholders (including treasury stock), totaling 5% or more, in intangible form at the last business day of each quarter. The capital stock referred to the Company's financial report and the number of shares already registered and delivered by the Company vary or be different due to the basis of calculation.

(2) If the shareholder puts the shares held by it under trust, said information shall be disclosed by the individual client of the trust account opened by the trustee. If the shareholder completes the insider equity presentation for shareholdings more than 10% pursuant to the Securities and Exchange Act, the shares held shall include the shares held by the shareholder per se, plus the shares he puts under trust and with the right to decide and utilize the trust property. For the insider equity presentation information, please refer to the MOPS.

XIV. Segment information

Please refer to the 2022 consolidated financial statements.

SUN YAD CONSTRUCTION CO., LTD.

Statement of Cash and Cash Equivalents

Balance on December 31, 2022

Unit: NT\$ Thousand

<u>Item</u>	<u>Summary</u>	<u>Original Currency</u> <u>Amount</u>	<u>Exchange Rate</u>	<u>Amount</u>
Cash on hand	Petty cash			\$ 434
Bank deposits	Demand deposits			200,035
	Deposits in USD	USD338.71	30.66	11
Total				<u>\$ 200,480</u>

Other receivables - Statement of Related Parties

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Ms. Chang Hui-Feng	Out-of-pocket expenses	\$ 8,298
BOROMI OPTRONICS CORP.	Accounts of loan and interest receivable	50,082
Total		<u>\$ 58,380</u>

SUN YAD CONSTRUCTION CO., LTD.

Statement of Inventory

Balance on December 31, 2022

Unit: NT\$ Thousand

<u>Item</u>	<u>Amount</u>		<u>Remark</u>
	<u>Cost</u>	<u>Net Realizable Value</u>	
Land for construction	\$ 2,037,308	2,895,428	Note 1
Land under construction	485,405	1,218,674	Note 1
Building under construction	310,239	1,828,011	Note 1
Available-for-sale real estate	2,271,487	2,907,741	Note 1 and Note 2
Total	<u>\$ 5,104,439</u>		

Note 1: Provided in part to secure the pledge of short-term loans.

Note 2: Provided to secure the pledge of short-term loans and endorsements/guarantees.

Statement of Prepayments

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Prepaid expenses	Prepaid apartment management fee, counseling service fee, insurance premium, rent, and service fees for guarantee of issuance of corporate bonds, etc.	\$ 4,931
Deferred selling expenses	Pre-sale housing agency commission expenditure	210,467
Total		<u>\$ 215,398</u>

SUN YAD CONSTRUCTION CO., LTD.

Statement of Other Current Assets

Balance on December 31, 2022

Unit: NT\$ Thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Overpaid sales tax	Overpaid sales tax in business tax return	\$ 95,759
Payment on behalf of others	Payments of natural gas installations and for construction projects on behalf of others, etc.	<u>2,516</u>
Total		<u>\$ 98,275</u>

SUN YAD CONSTRUCTION CO., LTD.

Statement of Changes in Investment under Equity Method

January 1, 2021~December 31, 2022

Unit: NT\$ Thousand

Name	<u>Balance, beginning</u>		<u>Increase in the current period</u>		<u>Decrease in the current period (Note 2)</u>		<u>Investment gain (loss)</u> <u>recognized under equity</u>	<u>Other adjustment</u> <u>under equity method</u>	<u>Balance, ending</u>			<u>Net equity</u>		<u>Collateral or</u> <u>pledge</u>
	<u>Quantity of</u>		<u>Quantity of</u>		<u>Quantity of</u>		<u>method</u>	<u>(Note 1)</u>	<u>Quantity of</u> <u>shares</u>	<u>Shareholding</u>	<u>Amount</u>	<u>Unit price</u> <u>(NT\$)</u>	<u>Total price</u>	
	<u>shares</u>	<u>Amount</u>	<u>shares</u>	<u>Amount</u>	<u>shares</u>	<u>Amount</u>								
Victory Enterprises Limited	162,500	\$ 59	-	-	-	-	-	6	162,500	64.36%	65	0.40	65	None
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	22,506,152	214,103	-	-	-	-	(6,492)	(6,770)	22,506,152	16.45%	200,841	10.80	243,118	None
Shangyu Construction Co., Ltd.	25,459,990	154,180	-	-	-	-	28,730	(1,920)	25,459,990	99.99%	180,990	2.47	62,768	None
MYSON CENTURY, INC.	10,203,400	63,821	7,534	75	(7,703,567)	-	(1,541)	(1,043)	2,507,367	17.06%	61,312	24.68	61,873	None
FEEI CHERNG ENTERPRISE CO., LTD.	10,000,000	94,458	-	-	-	-	(4,761)	(737)	10,000,000	8.42%	88,960	8.81	88,114	None
Total		<u>\$ 526,621</u>		<u>75</u>		<u>-</u>	<u>15,936</u>	<u>(10,464)</u>			<u>532,168</u>			

Note 1: Including

(1) Cash dividends distributed by the investee in the current period.	\$ (9,012)
(2) Recognized the adjustment of the investee's capital surplus.	4,597
(3) Recognized the adjustment of the investee's retained earnings.	(4,702)
(4) Recognized the investee's exchange differences on translation of foreign financial statements.	6
(5) Recognized the investee's unrealized profit or loss from the financial assets at fair values through other comprehensive profit or loss	2,778
(6) Recognized the investee's adjustment of remeasurement of defined benefit plan.	110
(7) The stocks of the parent company purchased by a subsidiary shall be identified as treasury stocks.	(4,241)
	<u>\$ (10,464)</u>

Note 2: The decrease in the number of shares in the current period is a result of the capital decrease for accumulated deficit of the investee.

SUN YAD CONSTRUCTION CO., LTD.

January 1, 2021~December 31, 2022

Unit: NT\$ Thousand

For the statement of changes in property, plant and equipment, please refer to Note VI(VI).

For the statement of changes in right-of-use assets, please refer to Note VI(VII).

For the statement of changes in intangible assets, please refer to Note VI(VIII).

Statement of Refundable Deposits

Balance on December 31, 2022

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Security deposit	Security deposit for office and application for temporary utilities service	<u>\$ 6,246</u>

Statement of Other Financial Assets-Non-Current

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Demand deposits	Restricted demand deposits	<u>\$ 193,181</u>

SUN YAD CONSTRUCTION CO., LTD.

Statement of Short-Term Loan

Balance on December 31, 2022

<u>Type of</u> <u>Loan</u>	<u>Remark</u>	<u>Balance,</u> <u>ending</u>	<u>Term of Contract</u>	<u>Annual</u> <u>Interest Rate</u> <u>Range</u>	<u>Facility</u>	<u>Mortgaged or</u> <u>Secured</u>
Secured loan	Land Bank of Taiwan, Tainan Branch	\$ 82,920	November 18, 2022~November 18, 2024	2.745%	90,740	Certain available-for-sale land
Secured loan	Land Bank of Taiwan, Tainan Branch	489,220	November 18, 2022~November 18, 2024	2.98%	817,800	Available-for-sale house in part
Secured loan	Land Bank of Taiwan, Tainan Branch	28,093	November 18, 2022~November 18, 2024	2.87%	48,960	Certain available-for-sale land
Secured loan	The Shanghai Commercial & Savings Bank, Ltd., Tainan Branch	87,899	September 20, 2021~September 20, 2037	2.61%	132,000	Available-for-sale house in part
Secured loan	Land Bank of Taiwan, Tainan Branch	384,800	August 27, 2018~August 27, 2026	2.6%	384,800	Land under construction in part
Secured loan	Land Bank of Taiwan, Tainan Branch	587,400	October 9, 2019~October 9, 2024	2.725%	588,100	Land under construction in part
Secured loan	Land Bank of Taiwan, Tainan Branch	603,000	December 2, 2019~December 2, 2024	2.6%	603,000	Land under construction in part
Secured loan	Land Bank of Taiwan, Tainan Branch	82,950	October 12, 2022~June 13, 2027	2.6%	1,736,600	Certain building under construction
Credit loan	Credit loan	17,450	April 6, 2022~March 6, 2023	4.66%	50,000	
Credit loan	Shinshin Credit Corporation	22,545	April 6, 2022~October 6, 2023	4.38%	40,000	
Total		<u>\$ 2,386,277</u>			<u>4,492,000</u>	

SUN YAD CONSTRUCTION CO., LTD.

**Statement of Financial Liabilities at Fair Val
Through Profit or Loss - Current**

January 1, 2021~December 31, 2022

Unit: NT\$ Thousand

Name	Balance, beginning		Increase in the current period		Decrease in the current period		Unrealized gains (losses) on financial instruments	Balance, ending		Collateral or pledge
	Quantity of shares	Fair value	Quantity of shares	Amount	Quantity of shares	Amount		Quantity of shares	Fair value	
Put right/right of redemption for convertible corporate bonds	-	\$ -	-	-	-	-	96	-	96	None

**Statement of Contract Liability-Current
Balance on December 31, 2022**

Please refer to Note VI(XVII).

Statement of Accounts Payable

<u>Name of Customer</u>	<u>Summary</u>	<u>Amount</u>
Non-related party:		
YU LI ELECTRIC & MACHINERY ENGINEERING CO., LTD.	Operating	\$ 16,812
Others (Note)	"	294,957
Total		<u>\$ 311,769</u>

Note: The balance of each account doesn't exceed 5% of the amount under the given title.

SUN YAD CONSTRUCTION CO., LTD.**Statement of Payables - Related Party****Balance on December 31, 2022****Unit: NT\$ Thousand**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Non-related party:		
Shangyu Construction Co., Ltd.	Construction cost payable	\$ 31,600
BOROMI OPTRONICS CORP.	Construction cost payable	94,749
Total		<u>\$ 126,349</u>

Statement of Other Payables

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Non-related party:		
Salary payable	Salary and year-end bonus, et al.	\$ 17,561
Interest payable	Loan interest expenses	3,493
Others	Petty cash, labor service fee, refundable	
	Temporary receipts and commission payable	48,430
Subtotal		<u>69,484</u>
Related party:		
U-BEST Innovative Technology Co., Ltd.	Agent for collection of the land payment	2,195
Metropolis Internet Technology	Purchase of computer equipment and accessory	277
Subtotal		<u>2,472</u>
Total		<u>\$ 71,956</u>

SUN YAD CONSTRUCTION CO., LTD.

**Statement of Lease Liability--Current and
Non-Current**

Balance on December 31, 2022

<u>Item</u>	<u>Summary</u>	<u>Lease period</u>	<u>Discount rate</u>	<u>Amount</u>
House	Office	August 11, 2017-September 10, 2026	2.32%	<u><u>\$ 6,249</u></u>
			Current	\$ 1,605
			Non-current	<u>4,644</u>
				<u><u>\$ 6,249</u></u>

Statement of Other Current Liabilities

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Temporary receipts	Temporary receipts for transaction processing	\$ 13,991
Receipts under custody	Agent for collection of the apartment management expenses, supplemental health insurance premium, withholding income tax on salary and labor service, et al.	3,112
Other unearned receipts	Unearned receipts for rent	<u>17</u>
Total		<u><u>\$ 17,120</u></u>

SUN YAD CONSTRUCTION CO., LTD.
Statement of Corporate Bonds Payable (including the current portion)
Balance on December 31, 2022

<u>Name of Bond</u>	<u>Guarantor</u>	<u>Trustee</u>	<u>Date of Issuance</u>	<u>Coupon rate</u>	<u>Total amount</u>	<u>Converted/re deemed amount</u>	<u>Balance, ending</u>	<u>Unamortized discount</u>	<u>Book Value</u>	<u>Repayment Method</u>	<u>Contents of security</u>	<u>Remarks</u>
Domestic 4th secured convertible corporate bonds	Jih Sun International Bank	Taiwan Shin Kong Commercial Bank Co., Ltd.	January 29, 2021	0%	\$ 400,000	163,800	236,200	(6,512)	229,688	Note 1	Note 2	-
Domestic 5th unsecured convertible corporate bonds	None	"	February 1, 2021	0%	400,000	263,300	136,700	(6,760)	129,940	"	"	-
					<u>\$ 800,000</u>	<u>427,100</u>	<u>372,900</u>	<u>(13,272)</u>	<u>359,628</u>			

Note 1: Please refer to Note VI(XI).

Note 2: Please refer to Note VIII.

SUN YAD CONSTRUCTION CO., LTD.
Statement of Financial Liabilities at Fair Val
Through Profit or Loss - Non-Current
January 1, 2021~December 31, 2022

Unit: NT\$ Thousand

Name	Balance, beginning		Increase in the current period		Decrease in the current period		Unrealized gains (losses) on financial instruments	Balance, ending		Collateral or pledge
	Quantity of shares	Fair value	Quantity of shares	Amount	Quantity of shares	Amount		Quantity of shares	Fair value	
Put right/right of redemption for convertible corporate bonds	-	\$ -	-	-	-	-	1,417	-	1,417	None

Statement of Operating Revenue

<u>Item</u>	<u>Summary</u>	<u>Land</u>	<u>House</u>	<u>Total</u>
Revenue from sale of real estate	Tiffany, Mayfair, The King's Landscapes	\$ 612,652	783,227	1,395,879
Returns and allowances		(15,850)	(19,734)	(35,584)
Revenue from sale of real estate, net		\$ 596,802	763,493	1,360,295
Lease revenue				6,381
Operating revenue				\$ 1,366,676

Statement of Operating Cost

<u>Item</u>	<u>Amount</u>
Cost of real estate	\$ 976,192

SUN YAD CONSTRUCTION CO., LTD.

Statement of Selling Expenses

January 1, 2021~December 31, 2022

Unit: NT\$ Thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Salary expenditure	Salary, bonus and retirement pension, et al.	\$ 4,924
Advertisement expense	Advertisement expense for pre-sale houses, et al.	7,590
Commission expenditure	Pre-sale house commission expenses	96,199
Others	Clerical costs, insurance premium, labor service fees and freight, etc.	<u>7,990</u>
Total		<u>\$ 116,703</u>

Statement of Management Expenses

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Salary expenditure	Salary, bonus and retirement pension, et al.	\$ 54,982
Depreciation expenses	Depreciation of property, plant and equipment & right-of-use assets	3,001
Clerical costs	Office-related expenses	11,040
Labor service fees	Professional fees of CPAs and Attorneys-at-Law, etc.	9,396
Commission	Commission for security and underwriting of convertible corporate bonds	3,900
Others	Rent, entertainment expenses and miscellaneous expenses, etc.	<u>11,143</u>
Total		<u>\$ 93,462</u>

Statement of Adjustments to Reconcile Profit (Loss), net

Please refer to Note VI(XIX).